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THURSDAY, JUNE 14, 1956



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THE NATIONAL UNDERWRITER. Published weekly by the National Underwriter Company, Office of Publication, 175 W. Jackson Blvd., Chicago, Ill., U. S. A. 60th year, No 24, Thursday, June 14, 1956. \$7 per year (3 years, \$18); Canada, \$8 per year (3 years, \$21); Foreign, \$8.50 per year (3 years, \$22.50). 30 cents per copy. Entered as second-class matter April 25, 1931 at the post office at Chicago, Ill., under Act of March 31, 1879.



## Losses Burgeon in Almost All Fire And Casualty Lines

### Poor Experience in First Quarter Continues Through April; Reasons Are Cloudy

Enough of 1956 is now history to indicate that this is going to be a tough year for fire and casualty insurers. For all companies, underwriting results for the first quarter ranged from poor to terrible. While expenses have tended to rise, the big difficulty has been the relentless and immoderate increase in losses.

Although there are variations in results, company to company, the worsening trend in losses continued in April. Some companies report that April was worse than the first three months. The loss escalator is operating in connection with almost every line of business, with the possible exception of ocean marine.

While it is the giant automobile volume, and particularly the third party liability, which is giving the insurers a fit in casualty, all casualty losses have increased to some extent. On the fire side, while wind and hail have contributed several catastrophes of real size, there has been no blow of outlandish proportions. On the contrary, it is fire losses which seem to be accounting for big dollar volume of loss expenditures. Wind—so far—has not been the loss factor this season that it has been in previous years. There has been an increase in the mine run of fire losses, but there has been a particular acceleration in big fires—and most or the risks are of prime quality which insurers would write again tomorrow. Inland marine losses are up substantially.

One large company which makes an underwriting profit much more frequently than it does not, was chagrined at the modest, almost negligible underwriting plus with which it ended the first quarter. However, it felt better, even though it was no richer, after checking results with its competitors, the vast majority of whom wound up well in the red. Heavy windstorm damage made April of 1955 a bad loss month for insurers, yet on its over-all account, one multiple line company reports April of 1956 50% worse. Some of the other companies find that April on the fire and allied lines category was not much worse in 1956 than it was in 1955.

Though total wind-hail losses so far this year have not been as bad, apparently, as they were a year ago, several companies reached catastrophe covers as a result of the winds so far this year. The fire reinsurers in the first quarter did not fare too well. Many of them showed red figures. The casualty reinsurers, of course, have been feeling the surge of third party losses, notably automobile, since

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## Treasury List of Bond Qualifiers Is Published

The Treasury Department has published its 1956 list of companies qualified to furnish bonds with the U.S. government. This shows the underwriting limitations of each company (the net limit on any one risk), based on the Dec. 31, 1955, statements. The underwriting capacity is 10% of surplus to policyholders as of that date.

On the 1956 list seven companies that appeared in 1955 are missing, but all of them are out because of mergers. They are Automobile, Franklin National, Glens Falls Indemnity, Mechanics & Traders, Northwest Casualty, Sun Indemnity and United National Indemnity.

The new companies on the list are American Home, Commonwealth, Celina Mutual, Constellation, Firemen's of New Jersey, General Security, Mercantile, Milwaukee, Minneapolis F.&M., National Ben Franklin, North British, Pennsylvania Fire, Public Service Mutual, Riverside, Royal, Service Mutual Casualty, Security National, Standard of Tulsa, State Auto Mutual of Ohio, State F.&C., Sun, and Unity Fire & General.

In the listing below are shown the qualifying powers for 1956 (left hand column) as compared with those in 1955.

	1956	1955
	\$	\$
*Acc. & Cas. ....	678,000	542,000
Aetna Cas. ....	15,517,000	8,674,000
Aetna Fire ....	7,094,000	6,159,000
*Alliance ....	447,000	463,000
American Auto ....	4,160,000	3,282,000
American Bonding ....	372,000	343,000
Am. Aviation & Gen. ....	587,000	472,000
Amer. Cas. ....	1,634,000	1,364,000
Am. Credit Indem. ....	1,118,000	1,098,000
Amer. Employers ....	1,758,000	1,581,000
Am. Fidel. ....	216,000	192,000
Am. General ....	1,007,000	806,000
Am. Guarantee ....	693,000	628,000
Am. Home ....	1,938,000	.....
Am. Indemnity ....	489,000	401,000
Am. Motorists ....	800,000	700,000
Am. Mut. Liab. ....	3,343,000	2,711,000
Amer. Reins. ....	2,522,000	2,316,000
Amer. States ....	860,000	821,000
Am. Surety ....	2,525,000	2,363,000
Anchor Cas. ....	339,000	327,000
Assoc. Indem. ....	1,249,000	1,102,000
Automobile ....	1,292,000	1,103,000
Auto-Owners ....	353,000	232,000
Birmingham Fire ....	4,047,000	3,750,000
Boston ....	1,074,000	798,000
Buckeye Union ....	1,757,000	1,577,000
Capitol Ind. ....	45,000	56,000
*Car & General ....	182,000	162,000
Carolina Cas. ....	220,000	167,000
Celina Mut. ....	327,000	.....
Central Surety ....	690,000	648,000
Century Indem. ....	1,039,000	983,000
Citizens Cas. ....	205,000	189,000
Columbia Cas. ....	812,000	726,000

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## Continental Casualty, National Fire Merger Rumors Are Clarified

Rumors which have been rife in the insurance business for the last two or three weeks that Continental Casualty was on the verge of purchasing National Fire of Hartford got to such a point last week that Continental was prompted to release a story to the business editor of the Chicago Tribune clarifying the status of this matter.

The story, published June 9, says that Continental Casualty is studying "an invitation from directors of National Fire to negotiate for acquisition of National Fire." Chairman Roy Tuchbreiter of Continental is quoted as saying it would take at least a week before Continental will decide whether to make an offer.

If Continental decides to offer to purchase National Fire, the transaction probably would be handled by an exchange of stock.

Insurance men have been talking for two or three weeks of the possibility of a Continental Casualty-National Fire merger, but no definite negotiations have been entered into as yet. The rumors became so "informed," however, that Continental officers felt it was best to make a statement as to how things stand.

In its annual statement, Continental said it was interested in buying a fire company.

## Nebraska Agent Wins Top IAC Ad Award

G. Fred Gund Jr. of Crawford, Neb., received the Insurance Advertising Conference "oscar" for the best use of advertising in 1955 at the IAC meeting in Skytop, Pa. This is the top award in a nationwide contest among local agents.

Mr. Gund and four other prize winners in this year's competition accepted their awards from William H. Doty of Aetna Fire, president of the conference, and Willard S. Burt of National of Hartford group, chairman of the contest committee. In addition to the trophy, Mr. Gund received an all-expense trip from Crawford to the meeting and honorary membership in IAC for one year. Mr. Gund was the winner in division I for agencies of less than \$50,000 in premiums per year.

## Md. Agents Discuss Block Cover, Uninsured Motorist

### 300 Attend Midyear Rally at Ocean City; Panel Sessions Featured

By B. P. McMACKIN JR.

OCEAN CITY, MD.—Commercial block and the uninsured motorist took top billing at the mid-year meeting of Maryland Assn. of Insurance Agents here. About 300 attended. There was the feeling that insurance men who had experienced homeowners-CDP profits, or felt their competitive whiplash, were not going to be Johnny-come-lately on block.

Uninsured motorist was a less congenial topic since Maryland agents, like their colleagues in many other states, are worried about compulsory now that New York has it.

Arthur L. Schwab, Staten Island, N. Y., gave the principal talk dealing with compulsory. Mr. Schwab, who last month completed two terms as president of New York Assn. of Insurance Agents, attracted a large audience. His talk preceded a report by the Maryland association's special committee on compulsory composed of A. W. Hall, Salisbury; J. D. Lazenby, Annapolis, and Guy T. Warfield and E. S. Windsor, Baltimore.

E. J. Rhody, Baltimore, chairman of the education committee, was moderator of a panel on block which ran for an entire afternoon to a crowded house. The speaker was B. P. McMackin Jr., assistant editor *Fire, Casualty, & Surety Bulletins*.

Answering block questions, which were numerous and searching, were P. J. Dubey, Travelers; C. D. Shepherd, American; D. E. Howie, Hanover; J. M. Thomas, Hartford Fire, and T. B. Streett, Maryland Fire Underwriters Rating Bureau.

The bureau has handled about a dozen block rate applications in the two months it has been available in Maryland, Mr. Streett said. Amounts ranged from under \$10,000 to better than \$500,000. Most were single location risks, only one or two required submission to Inland Marine Insurance Bureau for the "all other perils" loading.

Mr. Streett said the bureau can handle a rate application in one to three days, but substantially increased volume may change this. To speed things, agents should be sure broker of record letters follow the specimen put out by the bureau, see that amounts in application are those asked for, and submit duplicates where IMIB will have to quote.

The small number of applications handled is less indicative of block activity than the numerous phone calls, letters and personal visits from agents and field men, Mr. Streett said. Many are now busy working out tentative

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## Late News Bulletins . . .

### North America Appoints Three Executives

North America group has elected Edgar R. Johnson and Robert W. Shaw assistant secretaries of North America and Philadelphia F.&M. and has appointed Edward W. H. Cowper resident secretary in Australia.

Mr. Johnson was manager at Hartford and Washington before going to the home office. Mr. Shaw was manager in north California before transferring to the home office. Mr. Cowper established offices for the group in Australia and New Zealand in 1952. Prior to his present appointment, he was manager for Australasia.

## New Crop Policy Has Moderate Sale in its First Year

First-year sales of the new multiple peril crop insurance policy developed by a special committee of Crop-Hail Insurance Actuarial Assn. were, according to estimates now available, less than spectacular but sufficient to give the companies a reasonably good idea of how to proceed in this field.

Somewhere between 75 and 100 of the multiple peril crop policies were sold, producing an estimated premium income in the neighborhood of \$10,000. The business was written in at least six of the seven states in which it was offered.

This is the coverage that combines with the basic crop-hail policy an additional section covering loss from drought, excessive heat, flood, excessive moisture, insect infestation, live stock, plant disease, wild life, wind, tornado, sleet, hurricane, frost, freeze, and snow damage to crops. It is designed to compete with the insurance offered by Federal Crop Insurance Corp., although for the most part the insurers in 1956 did not attempt to sell the business in the areas where FCIC has its program going.

The 75 to 100 policies sold fell short of the estimates of the more optimistic crop-hail underwriters, but are not far from what others in the business had expected, in view of the fact that the program got off to a fairly late start. The company men are not disappointed, and the feeling is that the 1956 results will offer a reasonably good base on which to continue and improve the coverage.

It took time for the 1956 filings to be approved, and this process was finished later than it had been hoped, and by the time the policies were printed and distributed the agents had only about three weeks in which to absorb the material and sell the coverage. The corn and soya bean closing date was May 1 and tobacco was cut off May 15. The insurance was offered in Indiana, Illinois, Iowa, Minnesota, Nebraska, Kentucky and Tennessee.

Another reason for the relatively small number of sales was that many farmers were uncertain about what course the government would take with its farm program. There was question as to what price supports would be, and whether the President's farm program would be adopted, etc., which caused many farmers to hold off going into the purchase of a new type of insurance until they had a better idea of what to look forward to. In addition, the planting season this year was later than usual.

## Court Holds Son in Service "Residing" in Household

State Farm won a case in Kentucky court of appeals recently on the question of whether a person in the armed services retains residence with his family. The case involved a non-standard exclusion in State Farm's auto policy, but it is of general interest because similar questions arise frequently in connection with drive other cars coverage, personal property floaters and the like.

Elmer Senn, the insured, was in military service when he bought automobile insurance in State Farm. The policy contained an exclusion of liability for bodily injury sustained by

the insured or "any member of the family of the insured residing in the same household of the insured."

While home on furlough, Senn injured his brother, Leonard, who obtained a judgment against him. State Farm refused to defend the suit or to pay the judgment, relying upon this exclusion. The appeals court upheld a lower court decision in favor of State Farm, pointing out that Elmer Senn had lived with his parents, except for a brief absence, prior to entering the service and returned there after his discharge. The same was true of his injured brother. The court thus held that the insured was only temporarily absent from the family when he was in military service and that he was still in the class of a resident of the same household as his brother.

The case is Senn vs State Farm Mutual, 5 CCH (Auto 2nd) 1517.

## Fire Protection Association Elects Neale President

John A. Neale, chief engineer of National Board, was elected president of National Fire Protection Assn. at its annual meeting in Boston. He has been active in the association for more than 32 years, serving as a director the last 10. More than 500 attended the meeting.



John A. Neale

Other new officers are Fire Chief Henry G. Thomas of Hartford and Loren S. Bush of Pacific Board, vice presidents, and Charles H. Bunn Jr. of Esso Research & Engineering Co. and L. R. Sanford, president of Shipbuilders Council of America, directors. Richard E. Vernor of Western Actuarial Bureau of Chicago was re-elected chairman of the board.

Among the more than 25 speakers at the week-long convention was Fire Chief Edward N. Montgomery of Boston, who urged the development and marketing of a easily-operated fire extinguisher. He said the public is paying for fire safety it does not get. The average person experiences a fire once in his lifetime, and not one in 100 will stop to read any directions on an extinguisher.

Speaking before fire marshals, Sgt. Lawrence L. Priar of the fire protection bureau of Pennsylvania state police, said the number of fraud fires in the U. S. has decreased considerably since World War II due apparently to good business conditions. He stated that fraud fires and economic trends go hand in hand.

Raymond M. Hill of the Los Angeles fire department reported that developments in the chemical industry have been so rapid that many processes have become accomplished facts before proper safeguards and controls are developed. Materials which were available in test tube quantities last year are now being produced in great volume creating new safety problems for fire departments.

Insurance Women of Greater Kansas City elected the following officers: Miss Bernadine Horan of the H. M. Franklin agency, president; Miss Pearl M. Hodges of the McGee & Sons agency, 1st vice-president; Mrs. Mary Minter of Central Surety, 2nd vice-president; Miss Frances DeAngelo of the Altman-Singleton agency, secretary, and Miss Eleanor Culbertson of Massachusetts Bonding, treasurer.

## Examiner Asks Changes in Composite Schedule and Experience Rating

NEW YORK—The insurance department has issued its examination report on Mutual Insurance Rating Bureau. The examiner, Abraham Silver, points out that a number of improvements were effected in the services furnished by the bureau, and rate supervision was developed and expanded during the period covered by the examination.

More emphasis was placed on the obtaining of detailed statistics, the report points out. Unit reports for automobile insurance were introduced and, in other than limited lines of burglary and glass, these statistics are now combined for rating purposes with those of National Bureau of Casualty Underwriters' companies. This has meant increased responsibility in maintenance of state acceptance pages and has led to the contemplated printing by the bureau of its own manuals.

The report lists several recommendations and publishes the comments of the bureau in connection with each. The examiner's recommendations are:

1. The composite rating plan should be reviewed in accordance with the examiner's suggestions. His criticism is that there is no prescribed form for the required survey for the purpose of composite rating, which is the inclusion of several lines in one rating plan for a risk. In most states other than New York, companies are not required to submit copies of surveys or even rate computation sheets to the mutual bureau. A copy of the survey as well as subsequent audited exposures should be filed in authentic form with the bureau. Credits are allowed in states which do not consider schedule rating as a satisfactory method. The original survey is utilized indefinitely, and the examiner believes a resurvey should be made at stated periods, possibly every three years. There seems to be no guide for selection of the most responsive underwriting exposure basis. He suggests that perhaps separate composite rates and exposure bases could be determined from the property coverages and liability coverages. Some more uniform underwriting bases should be developed, perhaps by industry groups. Perhaps the \$75,000 loss requirement could be lowered so that more risks would qualify for loss rating. Some classification system should be devised to report experience on these risks.

2. Companies should be strongly cautioned against carelessness in reporting experience and against recurrence of inaccuracies.

3. The bureau should assume more active administration of casualty experience rating plans in states outside of New York.

4. Schedule rating plans for lines applied in most states outside New York should be reviewed as to purpose and practices of application. This deals with automobile fleets. The examiner points out that the plan provides for credits or debits for such items as length of service or drivers and their age, maintenance of equipment, safety program and operating conditions. The maximum credit or debit is 25% except in Kansas where it is 20%. Credits of this nature permit abuse and manipulation for competitive purposes, the report states.

5. Rate revisions are indicated from burglary experience for most territories.

6. The report states that the entire question of trend and projection as

used in rate making should be studied to determine their future use in that connection. More realistic figures to measure current hazards, exposures and affects of inflation would make possible adoption of rates consonant with current conditions.

7. The adjustment factor applicable to losses of the taxpayer mutuals requires review to give greater effect to their experience. These mutuals, which write OL&T, experience low loss ratios due to more rigid claim investigations, but their unallocated claim expenses are considerably greater than those of other insurers. These losses are "converted" to more normal experience for rate making purposes and it is on this point that the examiner would like to see a change.

8. Both the mutual bureau and National Bureau should revise the glass permissible loss ratio in New York. In New York a production cost allowance of 35% is included in the rate. The examiner states that outside New York 30% is the PCA, and the provision for losses and loss adjustment expense is 50%.

The report makes some general comments, one on the problems faced by the rating bureau, such as multiple line development, independent company competition and compulsory automobile. The report notes that independent company competition is causing the rating organization much concern. Independents are emerging as strong competitors, particularly for the automobile business. These companies have become particularly active in response to the demand for lower rates. Due to lower costs and different methods of operation, these companies can offer advance discounts, thus enabling them to select better risks. Bureau companies are left with the less desirable risks requiring higher rates.

In connection with compulsory, the report notes that a number of companies have developed forms of endorsements that will pay benefits to the accident victim regardless of who

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## C. & R. Increases Dividend

Corroon & Reynolds has declared an increased semi-annual dividend of 30 cents payable July 2 to stockholders of record June 21. The January dividend was 27½ cents. Dividends will be declared on a quarterly basis beginning Oct. 1.

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THEFT...



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New York Underwriters Insurance Company... New York 38, New York  
Northwestern Fire & Marine Insurance Company  
Twin City Fire Insurance Company... Minneapolis 2, Minnesota

This striking ad in Life, Saturday Evening Post, Time, Newsweek, Better Homes and Gardens, National Geographic, Town Journal and Farm Journal has prompted thousands of inquiries from property owners all over the country... inquiries which have been direct leads to new business for many agents of the Hartford Fire Insurance Company Group.

## Commissions Must Undergo Realistic Reappraisal: North

If companies and the agency system hope to compete successfully for business in a tremendously expanding market of the next 20 years, they need research to help reduce controllable expenses and to anticipate insurance needs, John A. North, president of Phoenix of Hartford, said in his report as president of Southeastern Underwriters Assn., at the annual meeting in Hot Springs, Va.

The entire sales cost of insurance is the key to the competitive situation insofar as it affects the price appeal of the product, he said. He said he was not advocating commission reductions because any modification of agent compensation must be based on a sound prospect of greater premium production and more net profit to both agent and company.

However, he added, "unless agents and their companies can find some joint and agreeable method of competing for the mass market business, both as to price and service, that market will soon be lost. But if we can be more realistic about it than we are now, then our respective increases in net profits should fully justify such a joint effort. One thing certainly comes first—we must have the business before we can have the profit."

Predicting a population growth of more than 50 million by 1975, Mr. North said that the big market for products is the age group of 25-50, where 7,200 new customers are being added every day. By 1960 it is estimated that eight out of 10 families will own homes as compared to four in 1940. To the current 52 million passenger cars and 10 million trucks another 8 to 10 million cars and trucks will be added in 20 years. Additional public and private services will be needed. The insurance market will be greatly increased.

"I don't think we are doing so well in preparing and planning for this future market," he said. He noted that despite auto growth, premiums processed by National Automobile Underwriters Assn. have remained static at \$1 billion for four years. Selling cannot be on quality alone—the price also must be right.

Research is needed to help reduce home office expense and to help find out what the insurance buyer wants. Companies must also become more realistic with combined field and agency costs if the agency system is to be maintained on an efficient basis, he added.

An average underwriting profit of 2% for the past five years is not the kind of trend that develops much hope, Mr. North said.

The commissioners long ago agreed that 6% underwriting profit was reasonable before any rate reduction would be demanded, he pointed out. But companies are being asked to make reductions on classes that show much less than that margin of profit.

Unless companies can modify expenses and retain a margin of profit, it won't be possible to offer any price

appeal to policyholders in the so-called mass market, regardless of how good the service is of companies and agents. That market may have disappeared for them by 1975. Nearly half the auto passenger car market already is gone. Homes and furnishings may be next, he warned.

Though the trend toward package policies is increasing, that alone is not the answer, he said. Package policies, by and large, appeal to the higher income groups. The mass market, he predicted, will be in the simple type of policies applicable to a larger number of risks for modest homes whose owners could never afford the package forms.

Agency companies offer relatively little competition at the policyholder level on autos and dwellings, Mr. North stated. This is also becoming more true on banks, office buildings and school properties. Competition is primarily between agency companies at the agency level. This is ridiculous—agency companies are virtually handling nonagency companies the business on a silver platter, he said.

With a united effort directed toward real competitors, he said, "we should be able to bring about changes in arriving at our final price of product and also in establishing the necessary revisions in state regulations which have impeded our progress in this competitive situation."

## Gissendanner New Head of Missouri WC Bureau

William J. Gissendanner has been named manager of Missouri Compensation Rating Bureau, succeeding Leo F. Keegan, retired. Mr. Gissendanner has been manager of North Central Compensation Rating Bureau, before that was with Oklahoma Compensation Rating Bureau.

Mr. Keegan has been manager of the Missouri bureau since 1928, and also was manager of the Missouri, Arkansas and Mississippi automobile assigned risk plans, and manager of Missouri Coal Mine Rating Bureau.

## Central Mutual of Ohio Names Kunselman in Pa.

Robert N. Kunselman has been appointed special agent in western Pennsylvania for Central Mutual of Ohio.

Prior to joining Central, Mr. Kunselman operated his own agency in Tionesta, Pa.

## Agency Stock Dividend

Stockton, Whatley, Davin & Co. agency of Jacksonville, Fla. has declared a 10% stock dividend payable July 31 to stockholders of record June 20. There are presently outstanding 553,930 shares of common stock, par value \$4. The company paid a 10% stock dividend in July, 1955 and in January a cash dividend of 15 cents.

## Two New IM Rulings

The committee on interpretation has ruled that a wholesaler dealing entirely in radio and TV sets does not come within the scope of the household appliance dealer designation. The committee also declared that insurance of stationary milking machines is not an inland marine classification. Portable milking machines do come under IM designation.

## La. Separation Moves

A senate committee in Louisiana has unanimously approved a bill separating the post of insurance commissioner from that of secretary of state. The combined position currently is held by Wade O. Martin Jr.

## Bell Stresses Need for Unified Rating of Auto Insurance

A critical appraisal of the automobile insurance rating practices and a readjustment of methods "may save the industry from another and perhaps greater catastrophe than the one which occurred last year as a result of the failure to coordinate the activities of National Bureau of Casualty Underwriters and National Automobile Underwriters Assn.," S. Alexander Bell, manager of Midwestern Independent Statistical Service, said at the MISS annual meeting in Chicago.

Mr. Bell said the NAUA rate reduction last year produced a situation with which almost all companies have been struggling. As a result of reduction the last six months of automobile insurance experience nationally is showing "appalling trends," he said. The companies had been willing to take losses on casualty, which most of them were sustaining, because substantial profits on physical damage generally offset them and sometimes left a satisfactory margin of profit. Company managements were satisfied with the situation as long as they accomplished the purpose of operating at somewhere near balance or at a profit, and gave little time or thought to the fundamental fallacies underlying the rating situation. The companies, he observed, were insuring one automobile for one owner for all hazards and as long as they made money or broke even they were satisfied. The policyholder was happy, too, and was not concerned whether he paid too much for collision and too little for BI as long as he got the best insurance for the smallest total price.

"Then comes the NAUA and, in theory, very justifiably announces a rate reduction in physical damage coverages which generally were earning more than a fair margin of profit on the rates in effect," Mr. Bell declared. "This took out 15% of the premiums on physical damage which roughly amounted to about one-half of the total premium, or in other words, something around 7½% of the total premium. Sixty percent being the amount necessary to pay claims, this means that the loss fund collected for the public to pay claims on automobiles was cut by 4½%, or 2% more than the total loading contained in the whole premium for profit and contingencies. One need not be either a rating expert or statistician to understand that the results to the industry as a whole must be a loss of 2% of the premium income."

If the machinery of rating automobiles were unified, Mr. Bell said he doubts whether anything like this could have happened. "How come an anachronism which may have been good 30 or 40 years ago was permitted to be carried into this decade where it is playing havoc with the entire automobile insurance industry which is such a vital part of our economy that its welfare is bound up with our general welfare?" he asked.

It is time, Mr. Bell suggested, that the business look for better ways of doing the job and of methods of getting rid of the obsolete machinery in rating. With the rating problem goes the statistical problem. National Bureau and NAUA, he remarked, to some extent justify their separate existence by the fact that the nature of the two hazards involved is essentially differ-

ent even though the vehicle is the same. "This, in a way, is justifying the bad results because of the necessity of using certain vehicles." He suggested it would be better to do nothing than to accomplish bad results.

"I am quite sure that once the tradition which permits the existence of two different rating bureaus to go on is abandoned there will be found enough brains in the insurance, actuarial and statistical world to develop a unified system of experienced statistics." The industry and the public both need a change in attitude on the automobile rating problem, he continued, remarking that if it does not come voluntarily, "we will eventually be forced out of business by law after the present system has done enough damage to require intervention by the public."

In searching for a solution to the unification of rating and statistical problems in automobile insurance, Mr. Bell said the auto people might study the package policy field in the fire business which is forcing the unification of rating multiple line risks. The impact of multiple line has posed the same problem as full coverage automobile insurance, but the solution in multiple line is being worked on in a different way.

## Travelers Names Three

Travelers has promoted W. P. Noble to assistant agency secretary and advanced F. R. Christie and Merton E. Crook to chief supervisors of the agency and agency statistical divisions, respectively, all in the agency secretary's department.

Mr. Noble joined the agency statistical division in 1928 and has been chief supervisor of the agency secretary's department since 1950. Mr. Christie joined the company in 1920 and Mr. Crook in 1925. They have been assistant chief supervisors of the department since 1950.

## STOCKS

By H. W. Cornelius Bacon, Whipple & Co.  
135 S. La Salle St., Chicago, June 11, 1956

	Bid	Asked
Aetna Casualty .....	119	122
Aetna Fire .....	65½	66½
Aetna Life .....	176	180
Agricultural .....	35	36
American Equitable .....	37	38½
American Auto .....	23	24
American (N. J.) .....	26	27
American Motorists .....	13½	14½
American Surety .....	18	19
Boston .....	33¾	34¾
Camden Fire .....	26	27½
Continental Casualty .....	98	102
Crum & Forster com. ....	56½	58½
Federal .....	34¾	35¾
Fire Association .....	51½	53
Fireman's Fund .....	59¾	61
Firemen's (N. J.) .....	37¾	38¾
General Reinsurance .....	44	45
Glens Falls .....	66	67½
Globe & Republic .....	21	22
Great American Fire .....	36½	37½
Hartford Fire .....	147	150
Hanover Fire .....	41	42½
Home (N. Y.) .....	44½	45½
Ins. Co. of No. America .....	85	87
Maryland Casualty .....	34	35
Mass. Bonding .....	37¾	39
National Casualty .....	53	57
National Fire .....	126	129
National Union .....	39¼	40¼
New Amsterdam Cas. ....	46	49
New Hampshire .....	42	44
North River .....	35	36½
Ohio Casualty .....	96	100
Phoenix Conn. ....	70	72
Prov. Wash. ....	24	25
St. Paul F. & M. ....	55	56
Security, Conn. ....	42	43
Springfield F. & M. ....	50	52
Standard Accident .....	45½	46½
Travelers .....	73	74
U.S.F. & G. ....	57¾	58¾
U. S. Fire .....	23½	24½



## TELLS IASA CONFERENCE

## Need to Get Realistic on What Electronics Devices Can Do for Fire and Casualty

Insurance companies are too preoccupied with the electronic machinery to evaluate properly its use, Richard A. Byerly, head of the management controls department of Peat, Marwick, Mitchell & Co., certified public accountants at Chicago, told Insurance Accounting & Statistical Assn. at its annual conference in New York City. Companies need to evaluate objectively the problems which can be solved with this type of equipment, he said.

Other speakers dealt with package policies, the uses and economies of computers, etc.

The computer possesses certain outstanding abilities, such as fantastic speeds, more versatility and automatic operation. But it also has drawbacks, such as exceedingly high cost, less flexibility, and far greater planning requirements. The greatest hazard in planning for computer use, he said, is the departure from objective thinking which seems to accompany the investigation of electronics.

Many savings realized in the course of computer installations have resulted from the improvements in other systems instituted as a result of computer research and not from the computer itself, he said. Most companies would benefit from a thorough review of methods and procedures, such as that required in planning for a computer. In the haste to acquire a computer, planning often has been superficial, to the serious detriment of the entire project, he went on. Studies of economic feasibility have generally not been too realistic or penetrating.

The fear of loss of competitive position because of the plans of other companies in electronics is at present largely unfounded, he said. With the exception of a few industries, consideration of very small and special purpose electronic devices has not been given proper attention. Nor has the purchase of equipment as opposed to rental been considered on its merits. This is a highly important consideration from the standpoint of extra-shift operation, he continued.

Computers do have an important place in the future of business, and particularly in the insurance business, he admitted. But, by all means, insurers should get the valuable experience of others if they are to make progress, Mr. Byerly said.

No one should start a methods modernization program with any preconceived notions about some particular type of equipment, electronic or otherwise, to the exclusion of all others, he advised. Economic and procedural considerations developed during the review of existing procedures will indicate whether or not elaborate or simple equipment can be used or whether some alternate course of action should be investigated. If it is concluded that a computer is the answer, the company should be cautious in its planning and realistic in its economic evaluations. Above all, it should be completely objective. The goals of methods modernizations are better operating results, not more romantic equipment than competitors have.

At present it appears that only a quite limited number of insurance companies can establish economic justification for a computer. There is no reason why other companies should

struggle to do so, since there are equally constructive courses of action open to them, he said.

For example, the possibilities for use of conventional punch card equipment are not nearly exhausted in the average smaller company, Mr. Byerly went on. Perhaps the best technique

is branching or expanding the periphery of tabulating applications into new but related areas, particularly toward the mechanization of input information. The punch card system may be overloaded, or there is inadequate time for additional applications, or tabulating equipment is not needed at all.

In extending punch card operations, the most interesting piece of equipment developed in recent years is the Typewriter Card Punch of IBM, and the Synchronic of Remington Rand, he said. The TCP combines the elec-

tric typewriter and the keypunch. Cards produced can be used by a company with a punch card installation, and by companies utilizing service facilities, thereby dispensing with a great deal of key punching.

The Cardatype is a similar but more elaborate device, incorporating some limited arithmetic ability if desired, he went on. The Intercoupler made by Systematics, Inc., which provides for the simultaneous creation of punched cards with the routine use

(CONTINUED ON PAGE 32)

Is this somebody you?

on the hook

Are you on the hook when trying to place compensation risks? You can write comp, but you can't place it. You *are* on the hook. Better hook up with Bituminous. Because of our long and successful experience in hazardous coverage, and because we have the best safety engineering in the business, we can handle any (well, almost any) risk. We make good risks out of poor ones by reducing losses. We save money for the insured, make renewals easy.

It's an old story with us. Hook up with Bituminous and see.

Write today for the Bituminous story.

## BITUMINOUS



## CASUALTY CORPORATION

BITUMINOUS FIRE AND MARINE INSURANCE COMPANY  
ROCK ISLAND, ILLINOIS

Specialists in Workmen's Compensation

## Predicts No Hike in 1957 Rates with N. Y. Compulsory

The cost of administering New York state's compulsory auto insurance will not result in increased rates next year, Arthur F. Lamanda, deputy insurance superintendent, predicted in a talk before Westchester County Assn. of Insurance Agents.

He said that the new law, other factors remaining equal, may bring about

lower rates. It is believed, he said, that the cost of administering the new law may well be less than the \$2 it now costs the business to administer the state's financial responsibility law.

If there is an increase in rates next year, Mr. Lamanda said, it will be due to other factors, such as a rise in accidents. One reason the compulsory insurance could be less costly to the buyer is that fewer state employees will be required to administer it than are employed to administer the current FR law.

## Stresses the Values of Engineering Services to Fire Insurance

DALLAS—Emphasis on the need for informing not only insured but many in the insurance business on the engineering services performed by Texas Fire Prevention & Engineering Bureau highlighted the report of Manager A. Sidney Briggs at the annual meeting in Dallas.

"Our competitors," Mr. Briggs ob-

served, "strongly emphasize their engineering services, but ours, which are considered superior, are often regarded as a 'necessary evil.' Through every contact and media at our command, we have endeavored to get this story across but unless we have the full co-operation of our company field men and especially the local agents, we are handicapped in emphasizing this asset. By investing in sound insurance and the accompanying engineering services, the property owners obtain the ultimate in protection."

Mr. Briggs reported that the bureau now has 194 member companies, an increase of 15 in the last year; that its inspection reports are prepared for subscribing companies and policyholders, and that its principal community service is the detailed surveys of many Texas cities and towns.

The gradual expansion of the bureau's services in the multiple line field was given formal recognition at this year's meeting by the election for the first time of a "casualty" official to the governing committee, the new member being Rufus W. Harvey Jr., resident vice-president of the Fireman's Fund group and former regional vice-president of National Surety. The second new committee member is George J. Henry, regional manager for Royal.

The remaining eight members of the governing committee were reelected.

## Atlanta Wins Merit Trophy of Standard Accident Group

The Atlanta office of Standard Accident and Planet has won the companies' branch office merit trophy for all-around excellence in operations in 1955. Competition for the trophy, awarded annually for highest efficiency in operations, was instituted in 1941. Since that time, it has been won five times by Chicago, three times each by Detroit and Buffalo, twice by New Jersey and once by Cincinnati.

The past year was the first year of eligibility for trophy competition for Atlanta. The Dallas, Pittsburgh, Kansas City and Washington branches also took part in the competition for the first time during 1955. These offices were raised from service office to branch office status.

C. E. Jackson is manager at Atlanta.

## Robinson Named Chicago Manager for Allstate

Stafford J. Robinson has been named resident manager of Allstate's Chicago regional office to succeed Richard A. Hogan, who has been appointed general sales manager for the U. S. and Canada.

Mr. Robinson joined Allstate in 1945 as a claim supervisor and has been resident manager at Rochester, N. Y., since 1953.

## Wis. Buyers Elect Dugan

MILWAUKEE—Arthur T. Dugan of Cutler-Hammer Inc. has been elected president of Wisconsin Insurance Buyers Inc., a new organization which succeeds the informal Milwaukee Insurance Buyers Assn. He and the other officers are all of Milwaukee. They are: P. A. Grau Jr. of Miller Brewing Co., vice-president; William M. Wamvig of Globe-Union Inc., secretary, and Joseph A. Hussa of First Wisconsin National Bank, treasurer.

## Allstate Names Rumsey in N. Y.

George N. Rumsey has been appointed resident manager of the Rochester regional office of Allstate succeeding Stafford J. Robinson who has been named resident manager of the Chicago regional office. Mr. Rumsey joined Allstate in 1949 at Chicago.

**MAN AT PEACE**

SMART MAN! Knows how to relax and stay happy. Puts his worries about safeguarding his security in the hands of his local, independent insurance agent or broker.

He knows his insurance man is a professional at protection—licensed by the state after study and training—equipped to handle all matters of insurance with care and competence.

He knows too, that if he faces a financial loss from a fire, accident, liability claim or any of a multitude of mishaps, he'll get fast personal service, sound advice and the friendly help he needs.

For the name of a nearby American Fore Agent call Western Union by number and ask for Operator 35.

**America Fore**  
INSURANCE GROUP

- The Continental Insurance Company
- Niagara Fire Insurance Company
- Fidelity-Phenix Fire Insurance Company
- The Fidelity and Casualty Company of New York

America Fore's advertisements continue to spotlight the importance of the independent agent and broker. This one appears currently in:

- ★ THE SATURDAY EVENING POST ★ LIFE ★ FORTUNE
- ★ READER'S DIGEST ★ TIME ★ NEWSWEEK
- ★ NATIONAL GEOGRAPHIC



## AMA SEMINAR

## Hold Harmless, Fire Excess Forms, Risk Management Sifted

Discussions on hold harmless agreements, the professional status of risk management and the progress of fire deductible cover wound up the spring insurance seminar of American Management Assn. in New York. A record 1,100 buyers attended the three-day session.

Hold harmless agreements often produce wasteful duplication of coverage and in some cases a hardly ethical shift of responsibility to an innocent party, a panel of speakers pointed out. Panelists were A. L. Benjamin, director of insurance of Cincinnati Gas & Electric; John P. Faude, counsel of Aetna Casualty; Harry C. Foster Jr., research underwriter and assistant secretary of Utica Mutual; Neill Crowley, assistant insurance manager of American Cyanamid Co., and Anthony W. Fitzgerald, legal editor of the *Weekly Underwriter*, who was chairman of the panel.

The concept of contractual liability, Mr. Fitzgerald said, is the product of two conflicting forces, the legal idea of liability and the effect of business competition.

The hold harmless agreement has a definite value to a public utility, which is the target of many suits, some of them cockeyed and screwy, Mr. Benjamin stated. "We do not feel we should be held responsible for the negligent acts of others, and for this reason we make use of a hold harmless clause in all of our contracts: 'The contractor shall indemnify and save harmless the owner from and against all claims for personal injury and property damage arising out of any operations or work performed under this agreement.' Coupled with this clause is a requirement on the part of the contractor to furnish proper insurance certificates indicating compliance with the terms of the contract."

Advantages of the hold harmless clause are that it impresses on the contractor that he is responsible for his negligent acts, it eliminates loss expenses that might increase the utility's insurance premiums, it helps avoid the public relations stigma that sometimes can develop out of an accident, and it minimizes legal and insurance department work within the utility.

With four categories of exceptions, contractual liability obligations can be insured without difficulty, Mr. Faude pointed out. The exceptions are workmen's compensation or non-occupational disability obligations for firms that are self-insured under such a law, the war risk hazard, damages awarded in arbitration and in the conduct of the proceeding, and the "unknown donee beneficiary" situation, involving actions on a contract by a person not a party thereto.

The standard endorsement, promulgated jointly by Mutual Insurance Rating Bureau and National Bureau of Casualty Underwriters, provides an umbrella of protection for bodily injuries and property damage for which insured is contractually liable, Mr. Faude said. This endorsement carries certain major exclusions, including coverage for liability under any warranty of goods or products, for damages

awarded by arbitration proceedings, for actions brought by those not party to the agreement, for WC obligations, and for property in the care, custody, or control of insured or property as to which insured is exercising physical control.

These exclusions can be deleted, Mr. Foster noted. But the deletion is at a price which sometimes is properly and fairly prohibitive. There are other and more appropriate policies available, and needlessly to the cost of doing business for industry as a whole.

Existing forms of insurance in large

part make contractual liability agreements unnecessary, both Mr. Foster and Mr. Faude emphasized. For instance, Mr. Foster pointed out, the owner's and contractor's protective liability policy protects the owner against liabilities that might arise out of the operations of independent contractors on his behalf and, incidentally, against what liability the owner may have arising out of his supervisory acts in connection with such operation.

Not only do potential indemnities tend to overlook normal direct forms of protection, Mr. Faude said, but they

also are likely to neglect the possibility of being made an additional insured under the indemnitor's policies. Automobile liability policies, Mr. Foster said, normally cover not only the owner and the user of the automobile but also any person or organization legally responsible for its use.

Under property insurance policies additional insured often may be added without extra charge, Mr. Faude noted. On general liability policies, additional insured usually have to be added by endorsement, but, Mr. Faude stressed,

(CONTINUED ON PAGE 25)

## Announcing...

WE ARE PROUD to announce the availability of a truly outstanding Major Medical Expense Policy for individuals and families. Here, we believe, is the ultimate in low-cost catastrophe coverage... a thoroughly researched, precisely "engineered" contract that starts paying where most disability insurance leaves off.

Packed with sales advantages for the producer and designed for every budget, this new Major Medical Expense Policy is easily sold in benefit limits of \$5,000, \$7,500 or \$10,000. Outstanding features of this "tested" contract include *deductibles as low as \$250... payment of any single disability expense for as long as three years... complete indemnity for 75% of the first \$2,500 of expenses in excess of the deductible, and then 85% up to the full policy benefit limit.*

We are convinced that this new policy is the ideal, problem-free contract. Its cost is attractive. Its benefits are broad and geared to provide financial help when it is needed most. For our producers these advantages mean "happy" claim settlements, satisfied clients and the opportunity to fulfill an important responsibility.

We know this Major Medical Expense Policy now being written by the companies of the Fireman's Fund Insurance Group—Fireman's Fund Insurance Company, Fireman's Fund Indemnity Company, Home Fire & Marine Insurance Company and National Surety Corporation—will help you capture your share of the vast Major Medical market.

We have prepared the finest in promotion material to help you tell this unique Major Medical Expense Policy story. We earnestly invite your queries on this new coverage.

## Zimmermann Outlines Main Bond Trends

The contract bond business, which represents the largest segment of total surety volume, has continued to be very active, Peter A. Zimmermann, assistant secretary of Surety Assn. of America, told Surety Underwriters Assn. of New Jersey at a meeting in Newark.

Despite the substantial rate reduction which was made during 1955 on contract bonds, the volume of premiums in 1955 exceeded that of 1954, he

said. The rate reduction is regarded favorably by its proponents and unfavorably by opponents of any reduction. One school of thought expresses the opinion that volume has increased because of the reduction in rate. The other faction claims that volume would have increased much more without the reduction. Looking at the picture from a non-partisan viewpoint, he added, it should be observed that the rate reduction was justified in recognition of

the anticipated increase in construction activity and was responsive to the trend of increased acceptance and use of corporate suretyship.

Fiduciary and court bond premium shows a stable and constant figure with a very small increase in each succeeding year, Mr. Zimmermann observed. More competition can be expected from trust departments of banks for this class of bonds, and the business will have to step up its educational and public relations activities in the cause of corporate suretyship

to combat the trend, he believes.

The public official bond field continues to develop a steady volume of premiums in individual and schedule bonds despite the introduction of public employe blanket bonds. This means that the over-all volume of premium has increased by reason of the sale of blanket bonds and that the latter have not adversely affected the business. Through the medium of these blanket bonds the business is making available to public bodies and all units of government below the state level these broad forms of coverage which were originally developed for private industry. He said the business is constantly on the alert to the problems and requirements of this special class of insured.

The bank bond business continues to show high loss ratios, he continued. There is hope that losses have reached their peak and that some improvement will soon be evident. While fidelity losses at one time were the dominant factor in bank coverage loss ratios, in recent years losses resulting from robberies and hold-ups are contributing a greater percentage of the total losses than before. The hoped-for improvement in the experience will come about only through concerted action by banks, law enforcement authorities and the general public, efforts with which the surety business is cooperating.

Commercial fidelity bond activities continue at a high level. Loss ratios in this field have not improved as much as desired, but the business is confident they will improve, aided by a constantly increasing volume of business. Surety Assn. through its advisory committees is striving to equip the companies better for the development of this business, he said. Through the years it has always been a problem how to determine the adequacy of insured's fidelity bond coverage. A special Surety Assn. sub-committee, after an examination of hundred of cases, has suggested a formula for determining how much. This will shortly be made available as an additional tool to be put to use in efforts to serve agents, brokers and buyer.

About a dozen other aids to the development of business are available through Surety Assn., on fidelity, contract, court, public official, and check forgery bonds, he added. Other booklets are in preparation, the purpose of which is to enhance the cause of corporate suretyship.

### Texas Local Boards Elect

Three Texas associations elected the following officers: Borger Assn. of Insurance Agents: Don F. Barger, president; George P. Hudson, vice-president, and Hugh Dickey, secretary.

Fort Worth Insurance Underwriters Assn.: John A. Martin, president; E. G. Niblo, vice-president, and Clarence L. Webster, secretary.

Henderson Assn. of Insurance Agents: Joe B. Craig, president; T. L. Mitchell, vice-president, and W. A. Preston, secretary.

### Standard Accident Promotes Two

Standard Accident has promoted Charlotte Creighton to superintendent of the transcribing and policy writing division and Carolyn Starkweather to superintendent of the files and records division.

Miss Creighton started with Standard Accident in 1922 and Mrs. Starkweather joined the company in 1942.

J. H. Baird Jr. has been named resident adjuster in Searcy, Ark., by General Adjustment Bureau. He has been with GAB since 1952.

## JOHN E. WITHERS TRANSFER & STORAGE CO.

Miami and Fort Lauderdale, Florida

protects its warehouses *Automatically...*  
gets better **FIRE** and **BURGLARY**  
**PROTECTION** and



New Warehouse Fort Lauderdale



Warehouse No. 1 Miami



Warehouse No. 2 Miami

Our two warehouses in Miami have been safeguarded for six years against fire and burglary by ADT Automatic Protection Services. Similar ADT protection has recently been provided for our new warehouse at Fort Lauderdale. Though less costly, these services have proved superior to other methods. We estimate our savings at \$11,900.00 a year.

*Neil Miller*  
Treasurer

Half a century of experience in the moving and storage business has established for Withers a reputation as having unexcelled facilities for the safety of goods placed in their care.

It is significant, therefore, that the three Withers warehouses are automatically protected against fire and burglary by ADT Aero Automatic Fire Alarm and ADT Burglar Alarm Services.

Thousands of warehousemen and other business executives from coast to coast strongly endorse ADT Automatic Protection because they know that it provides greater security for property, profits, customers' goods and employees' jobs than other methods, and at less expense.

*Why not find out what ADT can do for you?*

Whether your premises are old or new, sprinklered or unsprinklered, an ADT specialist will show you how combinations of automatic services can safeguard your property. Call our local sales office if we are listed in your phone book; or write to our Executive Offices.

Controlled Companies of

**AMERICAN DISTRICT TELEGRAPH COMPANY**

A NATIONWIDE ORGANIZATION

Executive Offices: 155 Sixth Avenue, New York 13, N. Y.





## Mutual Agents Call for Broad, National Use of UM Cover

National Assn. of Mutual Insurance Agents at its midyear meeting in Atlantic City recommended that the uninsured motorist endorsement, as now provided by mutual companies in New York be made part of standard automobile insurance policies in all states. The recommendation will be sent to all commissioners. The resolution also urged strengthening of the endorsement to include accidents occurring with stolen and hit and run drivers. The agents also asked that the coverage be made available to commercial vehicle owners, and include protection to insured and his family when traveling in vehicles other than insured's or as pedestrians.

The association approved recommendations made by study committees to improve office procedures, advertising, education and public relations. The recommendations were drafted by committees of the Company Advisory Conference, which represents agents and companies.

The office procedures subcommittee, for which C. Goodman Jones of Bluefield, W. Va., reported, recommended standardization of procedures in collections and office equipment. It also urged further revision of the simplified accounting manual for agents first developed by NAMIA in 1952.

D. Clay Cook of Grain Dealers Mutual, Omaha, outlined the possibilities of establishing a beginners school for agents under the auspices of national association. The committee is considering a six to eight week course and already has been in touch with a professional educator concerning plans to set up the school. Inquiries have shown a strong need for such a course covering all subjects that an agent needs to start in the business, he said. Experts in certain subjects among agents and cooperating companies will be called upon to participate in the training program.

The advertising committee report was made by Merle Waugeman, agency secretary of Central Mutual. The committee received a green light by the convention to proceed with its plan to issue a NAMIA folder for the promotion of the business of local mutual agents. This folder, bearing the imprint of the local agent, can be used as a direct mail piece to clients and prospects. It outlines the services provided by agents and the advantages of dealing through the local mutual agent.

William A. Stringfellow of Raleigh, N. C., said the public relations committee is planning a PR guide for local agents with instructions on how to write news items, an outline for opportunities for publicity, and a step-by-step index to good community relations. A subcommittee of the PR committee is developing a mutual insurance fact book to educate the public on what mutual insurance is and what benefits it can provide. The committee also is creating a film library and a speakers bureau.

### N.Y. Legislative Units

The joint legislative committee on insurance rates and regulations of the New York legislature has been authorized for another year with a \$20,000 appropriation. Sen. Condon again is chairman. The committee on unsatisfied judgments, of which Sen. Neddo

is chairman, was continued with \$15,000, and there is one on municipal tort liability, with \$20,000, headed by Assemblyman Rulison.

### Gets Trade Board Insurance Post

Young Men's Board of Trade of New York has appointed Alan G. Baker of Insurance Society of New York chairman of the board's insurance committee. He started in insurance with Liberty Mutual in 1951 and went to the administrative staff of the society last year. He has been active on the insurance committee since joining the board.

## WC Rates Raised .8% by Minnesota Compensation Board

Minnesota compensation insurance board has ordered higher workmen's compensation rates, effective Aug. 1. The average increase is .8% and will add about \$200,000 to the premiums of employers who last year paid premiums of \$24,775,000. Rates were increased 4.9% a year ago.

Manufacturing industries and con-

struction firms will pay practically all of the increase in the coming year. The average rate for other industrial classifications was cut .003%. Manufacturing firms had their rate increased 1.8% and construction firms 1.6%.

**Greater Buffalo Assn. of Insurance Agents** has given a testimonial luncheon to Miss Nellie Schnell on 50 years service with Smith-Davis & Co. agency of Buffalo.

**Insurance Women of Wichita Falls (Tex.)** heard Lon Mohundro of American describe the recent inspection of Wichita Falls by North Texas Fieldman's Assn. He also outlined the city's catastrophe plan.



## Formula for keeping Frankie alive!

■ This is classroom 402, Central High School. Here Frankie and hundreds of his classmates are learning the fundamentals of safe driving.

Frankie's Driver Education instructor is teaching him much more than the mere mechanics of driving. He's teaching Frankie how to be a *safe* driver by acquiring the proper knowledge, habits and mental attitude. And when the course is completed, Frankie's chances for survival as a driver will have actually *doubled*!

Today, one out of four fatal accidents involves a youthful driver. And here, in Driver Education, is a proven, successful formula for saving our youngsters' lives. Yet the majority of communities are still without high school Driver Education!

That's where you, as an insurance man and civic-minded citizen, can make a priceless contribution to

your country and your profession. The places to start are your school board, school officials, PTA and local Safety Council. Make sure they get the facts about the outstanding success of the Driver Education Program. And to make headway fast, enlist the support of your most influential friends in the community.

Much material on driver education has been prepared by insurance companies, safety councils and other groups. Your company should be able to provide data of value to you. If you desire it, Allstate also has a folder available, "Teach Them to Drive... and Survive!" It may be obtained by writing Department E. K., at Allstate's Home Office.

**ALLSTATE**  
INSURANCE COMPANY

Home Office • Skokie, Illinois

© A. I. CO.

## Allstate Names Hogan General Sales Manager

Richard A. Hogan has been promoted from resident manager of the Chicago regional office of Allstate to general sales manager of the company. He will be succeeded as Chicago resident manager by Stafford J. Robinson, Rochester, N. Y., manager.

Mr. Hogan joined Allstate in 1945 as an agent at Chicago, became field promotion manager there in 1946 and held sales management positions in Chicago, Philadelphia, and Newark be-

fore becoming midwest zone sales manager in 1951. He was made manager at Cleveland in 1952 and resident manager in Chicago in 1955.

Mr. Robinson joined Allstate as material damage supervisor in the home office in 1945. He became assistant manager at Rochester in 1953, and Rochester resident manager later that year.

## F.&D., U.S.F.&G. on L.A. Bonds

LOS ANGELES—Arundel Corp., L. E. Dixon Co., and Kemper Construction Co. of San Gabriel, Cal. as joint

venturers, have been awarded the contract by the Los Angeles board of public works for construction of sections of the city sewer at a price of \$6,196,691. Fidelity & Deposit has the bond for Arundel and Dixon, and U.S.F.&G. has the bond for Kemper.

## Thomasville, Ga., Assn. Formed

Thomasville (Ga.) Assn. of Insurance Agents has been organized with E. R. Langford as president. Other officers are Curtis L. Middleton, vice-president, and Mrs. Ames Kindred, secretary. William N. Day, executive secretary of the Georgia association, attended the organizational meeting.

## Stewart, Smith Names Bowring to Board

Benjamin Bowring of C. T. Bowring Ltd., London brokerage, has been elected to the board of Stewart, Smith & Co. of London effective June 1. His election to other boards of associated offices in the U. S. and Canada will follow. He is an underwriting member of London Lloyds.



In 1952 he was rescued in the English channel by an American steamer four hours after an air crash in which he and another passenger were sole survivors.

## N. Y. Agency Management School June 17-20

New York State Assn. of Insurance Agents will hold its second agency management school at Sagamore Lake, N. Y., June 17-20.

Instruction will cover basic legal problems in a local agency, including types of agency organization, agency agreements, ownership of expirations and the valuation of any agency. Robert B. Douglass of Potsdam, education chairman of the state association, is in charge. Instructors will include Thomas J. McKernan, education director of NAIA, and John C. Stott of Norwich, past president of NAIA and of the state association.

## Local N. H. Boards To Start Ad Campaigns

Two New Hampshire local boards have started extensive local advertising campaigns to promote the agency system.

Manchester, the largest board in the state, is planning to spend \$3,500 in Sunday newspaper advertising, incorporating the slogan, "You're a friend—not a number to your local agent."

The six-member Claremont local board has approved a \$1,250 campaign in the local paper with the same slogan. Copy material in both campaigns is being provided by America Fore and Atlantic Mutual.

## Aetna Life Distributes Camera Booklet Overseas

Manuals on motion picture care and repair, prepared by the public education department of Aetna Life group, have been distributed to more than 30 countries by the international cooperation administration as part of the State Department's overseas assistance program.

The booklet, *Splice 'Em Right*, went to both American and foreign film technicians in South America, the far east and the middle east. It covers the latest methods of handling, cleaning and splicing film.

## N. Y. Casualty Outing

Casualty & Surety Club of New York will hold its annual golf tournament June 25 at Springfield, N. J.

Prizes will be awarded winners of several classes. The president's prize and the Edward P. O'Hanlon memorial trophy will go to the top medalist player among members. A dinner will be held at the club in the evening. Frank D. Gallaher of Royal-Liverpool is chairman of the affair.

V. W. McMonigle has purchased the interest of M. R. Kemp in the Kemp-McMonigle agency of Mexico, Mo., and the name has been changed to the McMonigle agency.

# HE'S AS GOOD AS CAUGHT... thanks to "SILENT SOUND"!

Thieves, take care! There's no way to fool the Kidde Ultrasonic Burglar Alarm System... its "silent sound" protection is unbeatable!

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# Kidde



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## Nichols Retires at National Surety

Henry W. Nichols, vice-president and general counsel of National Surety, has retired. He was with National Surety 33 years, 22 as vice-president and general counsel, and he spent 40 years in the business. He is a past chairman of the insurance section of American Bar Assn. During World War I he was associated with the Treasury Department's trading with the enemy division, which licensed and handled all foreign insurance in the U. S. He is a widely known figure in the surety business and has written a number of articles and has spoken widely on the subject.

## Ewens to Retire From Hartford A.&I.

Hartford Accident has named Thomas M. Meredith manager burglary department to succeed Robert D. Ewens, assistant secretary, who will retire June 30.

Mr. Meredith joined the company in 1948 in the burglary department and was later an underwriter of burglary and plate glass and fidelity and surety. He became assistant director of the company's training center in 1952.

Mr. Ewens went with the company in 1915 in the burglary department. He became assistant manager of the department in 1937, manager in 1945 and was appointed assistant secretary in 1950.

## Aetna Life Group to Start Delayed Addition

Construction of the delayed \$4 million addition to Aetna Life group's Hartford home office will start around Sept. 1. The project has been stymied since 1951 by a plan since discarded, to route a projected east-west Connecticut highway through the rear of the company's property.

The new addition will be six stories high and will provide facilities for 750 employees. Completion is scheduled within 18 months.

## Dixie Auto Reelects Officers, Ups Capital

Dixie Auto of Alabama reelected Charles R. Bell chairman and president and approved an increase in capital stock by 100,000 shares at the annual meeting.

The company, the first southern stock company to write a standard policy for preferred risk and non-drinking drivers with no membership or policy fees, has also been licensed to operate in Georgia.

## Mass. Adjusters Name Stratton President

Massachusetts Assn. of Independent Insurance Adjusters has elected G. Francis Stratton president, Norman Crane and William J. McGettrick vice-presidents, Gordon Boyd Jr. treasurer, Ivar J. Swanson secretary, Gerald E. Downs assistant secretary and Norman J. Beals and O. Wendell Rogers directors.

## Two Big California Bonds

LOS ANGELES—U. S. corps of engineers has awarded contracts for public works to Winston Bros. Co. of Monrovia, Cal., at its bid price of \$1,960,780 for construction of Los Angeles river improvements. Aetna Casualty is surety on the work.

McDonald & Kruse of Sun Valley, Cal., were awarded the contract by the engineers for channel improvements on the Sawtelle-Westwood system,

Westwood branch, at a bid price of \$1,183,037. General of Seattle is on this bond.

## House Gets Atom Bill

WASHINGTON—Rep. Price of Illinois, member of the joint committee on atomic energy, has introduced a bill along the same lines as that of Senator Anderson's, providing for a government indemnity program.

New York Mutual Casualty has increased its dividend rate on workmen's compensation to 15% on policies expiring after July 1.

## Board Committee Chairmen Named

James C. Hullett, head of Hartford Fire and president of National Board, has appointed standing committees for 1956-1957. New chairmen and their committees are Olaf Nordeng, Aetna Casualty, adjustments; William C. Ridgway Jr., United States Fire, finance; S. Dwight Parker, Springfield F.&M., fire prevention and engineering standards; H. Clay Johnson, Royal-Liverpool, laws; K. E. Black, Home, maps; J. R. Robinson, Phoenix of New

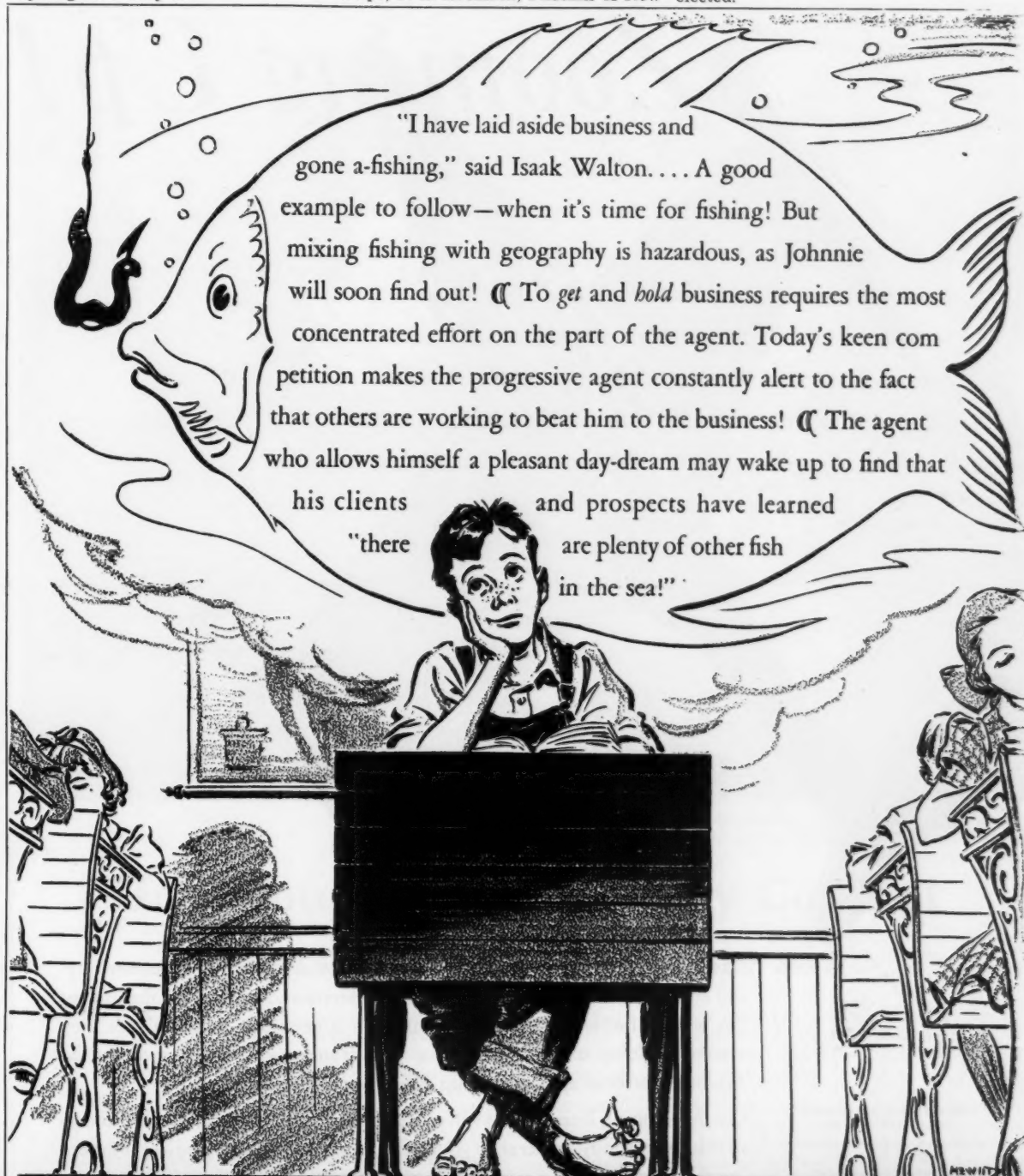
York, membership, and E. H. Forkel, National of Hartford, statistics and origin of losses.

Other chairmen were reappointed.

## American States Names 2 to Board

John D. Phelan and Walter V. Wichterman were elected directors of American States. Mr. Phelan, vice-president and general sales manager, joined the company in 1945 and Mr. Wichterman, vice-president and assistant treasurer for investments and accounting, has been with the firm since 1929.

All other board members were re-elected.



"I have laid aside business and gone a-fishing," said Isaak Walton. . . . A good example to follow—when it's time for fishing! But mixing fishing with geography is hazardous, as Johnnie will soon find out! ☞ To get and hold business requires the most concentrated effort on the part of the agent. Today's keen competition makes the progressive agent constantly alert to the fact that others are working to beat him to the business! ☞ The agent who allows himself a pleasant day-dream may wake up to find that his clients and prospects have learned "there are plenty of other fish in the sea!"



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## Midwest's Affairs Deeper in the Soup

INDIANAPOLIS—The embattled Midwest Ins. Co. was back in the headlines here last week when six officials of the company were charged with perjury under grand jury indictments for falsely listing real estate and the home office building as corporation assets although they had been transferred to one of the company's officers. Coming on the heels of the perjury indictment was more trouble when Judge John

Niblack ordered the receiver for the company, William A. Boyce, to file additional contempt charges against the directors of Midwest for failure to file a list of assets and liabilities with the court as ordered. Several of these officials had already been cited for contempt previously when they tried to commandeer the home office building on May 11.

At press time, three of the six officials indicted on the perjury action had been arrested, but the other three had not been found, and were believed to have left Indianapolis. First official

arrested was George Spitzer, 31 year old vice-president of Midwest, who was arrested at his Indianapolis home. Later M. C. Hunter, former president, and H. O. Kortemeyer, director and former superintendent of agencies were picked up. Fugitive warrants were issued for the missing trio, Mrs. Frances Landwehr, alias F. A. King, wife of William B. Landwehr, the treasurer and owner of Midwest; Selma Miller, assistant secretary, and Sterling F. Bowersox, a director. It was known that Bowersox had phoned his lawyer for instructions from a neighboring

state. Spitzer, Hunter, and Kortemeyer were released on \$2,500 bond.

The perjury action stems from a statement filed by the company on January 15, in which officers reported assets of \$529,808, including real estate valued at \$54,000 and the home office building valued at \$65,000. This statement was signed by the six officials indicted and sworn before a notary public, but the indictments charge that the two parcels of real estate had actually been transferred to "F. A. King," the alias of Mrs. Landwehr.

The statement was made in compliance with Indiana law. Midwest has a charter dated 1832 which put it out of the reach of the Indiana department's regulatory powers, but financial statements had to be filed, even though the department had no right to examine the company's books. However, the Indiana commissioner, William J. Davey, started the ball rolling against the company when he succeeded in getting the motor vehicle bureau's safety responsibility division to cease recognizing Midwest's policies. Mr. Davey also ordered Attorney General Edwin K. Steers to file suit for receivership. While this action was pending, the company was thrown in temporary receivership on May 7 by Judge Niblack after the attorneys for a 7-year old boy charged that the company had ignored a \$7,500 judgment. Then followed a series of comic-opera maneuvers wherein the company tried to regain its office building from the temporary receiver. This resulted in arrests for contempt of Landwehr, Spitzer, Hunter, and Kortemeyer, who were released on bond.

The second contempt charges ordered by Judge Niblack resulted from the refusal of the directors to list the company's liabilities and assets as ordered by the court. They were supposed to appear on May 22 to present a written statement, but got the hearing postponed until May 25, then June 4 and finally June 8. This is when Judge Niblack ordered the additional contempt proceedings. All directors, including Landwehr, are included in the additional charges. The action has been continued to June 28. Keith Tyler, attorney for Midwest, is doubtful whether the officials will be able to file an accurate report of the assets, and, according to Mr. Tyler, they don't have the money to hire the accountants to straighten out the records.

The officials charged with perjury will be arraigned in criminal court before Judge Scott McDonald on June 15.

It is reported that still another party is entering the picture in the effort to get money from Landwehr and the Midwest operation. That is the Internal Revenue Service, said to be interested in Landwehr's unique method of compensation. According to the minutes of the board of directors, Landwehr got an over-ride on all Midwest business as follows: 4% on the first \$300,000 of net premium; 3% on the next \$300,000; 2% on the next \$400,000; and 1% on the amount over \$1 million. The books also carried a \$142,000 item marked "loan to officer."

## Bituminous Names Shipman Claim Manager at K.C.

Robert K. Shipman, assistant claim manager at Chicago for Bituminous Casualty, has been appointed claim manager at Kansas City. Mr. Shipman has served Bituminous Casualty and Bituminous F&M. in various claim department capacities in northern Illinois since joining the organization in 1938.

# Zooming Up!



According to The Federal Reserve Board's annual survey of consumer buying intention, three-fourths of the people interviewed considered themselves "as well or better off than they had been a year ago and felt that they would be doing as well or better a year from now." And throughout the country, personal spending is up 2% over last year.

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## Canadian Groups Elect Trusler, Curtis Presidents

Canadian Underwriters Assn. has named C. D. Trusler of Commercial Union president, succeeding A. S. Hamilton of Scottish Union, at the annual meeting at Murray Bay, Quebec.

Other officers elected are H. Douglas Coe of Hartford Fire and W. H. Bell of Guardian Life, vice-presidents. Committee chairmen are D. J. Dunlop of Atlas, fire; D. D. Martin of Montreal Royal, automobile; S. W. Duck of Century, casualty, and Merlin Donald of Maryland Casualty, multi-peril.

Dominion Board at the same time and place elected Charles Curtis of Employers' Liability president, and A. S. Hamilton of Scottish Union and C. G. Anga of Yorkshire vice-presidents.

## 200 Agents Attend 3-Day Sales Convention of Illinois Mutual Casualty

More than 200 agents of Illinois Mutual Casualty attended the company's three-day sales congress and convention at Peoria.

Principal speaker at the master builders luncheon was Clarence O. Pauley, retired managing director of the former H.A. Underwriters conference. He urged agents to work closely with physicians and hospitals in solving A&S problems.

James L. Norton Jr. of Galesburg, Ill., was awarded a master trophy for highest premium volume in all territories and as outstanding new agent of the year. Walter J. Koenig of Chicago was master trophy winner for the largest number of applications in all territories.

Highlight of the banquet session was the presentation of an award by President E. A. McCord to Miss Gladys P. Edwards, secretary-treasurer, for 40 years of service with the company.

## Detroit Assn. to Hold Mercantile Risk School

Detroit Assn. of Insurance Agents will sponsor a one-day school on mercantile block coverage, rating and sales, June 20, at the Veteran's Memorial building, Detroit.

Joseph Finnell Jr. of the Finnell & Finnell general agency of Detroit is the instructor.

## Reach Solution on How to Insure St. Louis Schools

ST. LOUIS—The insurance committee of St. Louis board of education has approved a recommendation that the secretary-treasurer of the school board select the insurance brokers to place the fire and wind policies on the properties of the school system. The St. Louis school properties have been

uninsured, and for some months the insurance committee has been split on how to establish an insurance program. If the board of education approves the new report, the secretary-treasurer will select the brokers "with regard only to the best interests of the school system," and would advise the board of this method of picking the brokers.

Monmouth County (N.J.) Assn. of Insurance Agents have elected Joseph L. Locher of Asbury Park president, Harry G. Faber Jr. of Neptune and E. R. Van Pelt Sr. of New Monmouth vice-presidents, and Evelyn B. Brewster of Avon secretary.

## Ohio Casualty Plans to Increase Shares

Directors of Ohio Casualty have called a special meeting of stockholders for June 27 to vote on a proposal to increase the number of shares of capital stock from 500,000 to 2,000,000 and to change the par value from \$5 per share to \$1.25 per share. Stockholders of record June 5 will be entitled to vote at the meeting. If the amendment is approved, shareholders will receive three new shares for each share now outstanding.

## Upper Peninsula Agents Name Holmberg

Walter Holmberg, Norway, was elected president of Upper Peninsula (Mich.) Assn. of Insurance Agents at the annual convention last week at Iron Mountain. He succeeds David R. Bath, Iron Mountain.

Other new officers are: vice-president, Robert Hupy, Gladstone, and secretary-treasurer, Donald Trotter, Escanaba. The 1957 meeting will be in Escanaba.

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#### For the Home

Fire, extended coverage and other perils Fine arts, collections, hobbies Cameras, projectors Comprehensive liability	Mortgage cancellation Personal property floater (where permissible) Explosion Employer's liability Workmen's compensation	Homeowner's contracts Burglary and theft Household fire Other coverages as required
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#### For the Business

Fire and other related perils Automobile—all forms Bonds (fidelity, surety, court) Group (accident, sickness, hospital, life, pensions, major medical)	Burglary and theft— all forms Business life insurance Property damage Public liability— all forms Plate glass	Aviation and travel accident—worldwide Workmen's compensation All inland marine coverages Retrospective rating plans Excess covers Reinsurance—worldwide All other coverages
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## Convention Dates

June 17-19, New England Advisory Board of New England Assns. of Insurance Agents, summer meeting, Wentworth-by-the-Sea, New Castle, N. H.

June 21-22, Missouri Assn. of Mutual Insurance Agents annual, Hotel Chase, St. Louis.

June 27-July 1, National Assn. of Public Insurance Adjusters, annual, Kiamisha Lake, N. Y.

June 28-30, North Carolina Assn. of Mutual Insurance Agents, annual, Mayview Manor, Blowing Rock.

July 12-14, International Assn. of Insurance Counsel, annual, Greenbrier hotel, White Sulphur Springs, W. Va.

Aug. 8-10, Alaska Assn. of Insurance Agents, annual, Fairbanks.

Aug. 12-15, West Virginia Assn. of Insurance Agents, annual, Greenbrier hotel, White Sulphur Springs.

Aug. 19-24, Blue Goose Golden Anniversary Convention, Schroeder hotel, Milwaukee.

Aug. 20-21, South Dakota Assn. of Insurance Agents, annual, Cataract hotel, Sioux Falls.

Aug. 20-22, International Federation of Commercial Travelers, annual, The Greenbrier, White Sulphur Springs, W. Va.

Aug. 20-24, Honorable Order of Blue Goose, International, 50th Grand Nest, Milwaukee.

Aug. 22-24, Federation of Insurance Counsel, annual, Shamrock hotel, Houston.

Aug. 23-25, Texas Assn. of Mutual Insurance Agents, annual, Ft. Worth.

Aug. 30-Sept. 1, Montana Assn. of Insurance Agents, annual, Helena.

Sept. 5-7, Oregon Assn. of Insurance Agents, annual, Multnomah hotel, Portland.

Sept. 9-10, Vermont Assn. of Insurance Agents, annual, Middlebury Inn, Middlebury.

Sept. 9-11, Washington Assn. of Insurance Agents annual, Davenport hotel, Spokane.

Sept. 9-12, Idaho Assn. of Insurance Agents, annual, Sun Valley.

Sept. 10-11, New Jersey Assn. of Insurance Agents, annual, Traymore hotel, Atlantic City.

Sept. 10-12, New Hampshire Assn. of Insurance Agents, annual, Crawford House Club, Crawford Notch.

Sept. 12-14, Maine Assn. of Insurance Agents, annual, Samoset hotel, Rockland.

Sept. 12-14, Society of CPCU, annual, Cincinnati.

Sept. 12-14, Michigan Assn. of Insurance Agents, annual, Pantlind hotel, Grand Rapids.

Sept. 16-18, Insurance Federation of North Dakota, annual, Bismarck.

Sept. 17-18, Minnesota Assn. of Mutual Agents, annual, Leamington hotel, Minneapolis.

Sept. 17-19, International Claim Assn., annual, Hotel Chamberlain, Old Point Comfort, Ft. Monroe, Va.

Sept. 17-20, National Assn. of Insurance Agents, annual, Waldorf-Astoria, New York.

Sept. 18-21, Mutual Loss Managers' Conference, Hotel Statler, New York.

Sept. 24-25, Utah Assn. of Insurance Agents, annual, Salt Lake city.

Oct. 7-9, Pennsylvania Assn. of Insurance Agents, annual, Bedford Springs hotel, Bedford Springs.

Oct. 7-10, National Assn. of Casualty & Surety Agents, annual, White Sulphur Springs, W. Va.

Oct. 7-10, National Assn. of Casualty & Surety Executives, annual, The Greenbrier, White Sulphur Springs.

Oct. 14-17, Federation of Mutual Fire Ins. Companies, annual, Sheraton-Gibson hotel, Cincinnati.

Oct. 15-17, California Assn. of Insurance Agents, annual, Sheraton-Palace hotel, San Francisco.

Oct. 14-17, National Assn. of Mutual Insurance Companies, annual, Sheraton Gison hotel, Cincinnati.

Oct. 16, North Dakota Assn. of Insurance Agents, annual, Eagles Club, Bismarck.

Oct. 16-17, Massachusetts Assn. of Insurance Agents, annual, Sheraton Plaza hotel, Boston.

Oct. 17-19, Insurance Accountants Assn., annual, Hartford.

Oct. 19-20, South Carolina Assn. of Insurance Agents, annual, Myrtle Beach.

Oct. 21-23, Insurers of Tennessee, annual, Noel hotel, Nashville.

Oct. 21-23, Maryland Assn. of Insurance Agents annual, Lord Baltimore hotel, Baltimore.

Oct. 22-23, Arizona Assn. of Insurance Agents, annual, Springfield.

Oct. 22-24, National Assn. of Mutual Insurance Agents, annual, Shoreham hotel, Washington, D. C.

Oct. 22-24, Wisconsin Assn. of Insurance Agents annual, Schroeder hotel, Milwaukee.

Oct. 22-24, Western Underwriters Assn., annual.

Oct. 25, American Institute of Marine Underwriters, annual, New York.

Oct. 28-30, Kansas Assn. of Insurance Agents, annual, Broadview hotel, Wichita.

Oct. 28-30, Illinois Assn. of Insurance Agents, annual, Springfield.

Nov. 7-9, Michigan Assn. of Mutual Insurance Agents, annual, Pantlind hotel, Grand Rapids.

Nov. 11-13, Kentucky Assn. of Insurance Agents, annual, Kentucky hotel, Louisville.

Nov. 28, National Assn. of Mutual Casualty Companies, annual, Edgewater Beach hotel, Chicago.

Nov. 26-28, American Mutual Alliance, annual, Edgewater Beach hotel, Chicago.

Nov. 28-30, South-Eastern Underwriters Assn., semi-annual, Pinehurst, N. C.

Dec. 3-7, National Assn. of Insurance Commissioners, semi-annual, di Lido hotels, Miami Beach.



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# Fire and Casualty Insurance

## COMMENTS - TRENDS - OBSERVATIONS

### Values of Insurance for Public Properties Cited by Dithmer in Criticism of State Funds

The values of private insurance for public properties and some of the underwriting facts of life concerning it were described by Walter G. Dithmer, assistant manager of Western Underwriters Assn., in a talk recently before Indiana Fire Underwriters Assn. Agitation in an Indianapolis newspaper for a state fund to cover school and other state properties prompted Mr. Dithmer to spread the gospel of private enterprise coverage.

A state fund for public property will be offered at the next session of the Indiana legislature, similar to the one offered in 1953, under which a \$3 million pot would be set up to cover losses up to \$200,000, with insurance on the excess values.

The proposal apparently stems from a doctoral dissertation by John C. Curry of Indiana University, which was reprinted in part in *The Hoosier School Board Journal*, and an article which followed in *The Indianapolis Star* on March 1.

Mr. Curry pointed out that a survey of 162 Indiana school corporations showed that they paid \$920,000 in premiums and had \$220,000 in losses for a five-year period ending in 1952. *The Star*, commenting on the survey, says the fire insurance companies have therefore made a "lush profit" of \$700,000 which, in the opinion of the reporter, conclusively proves the need for the state to enter the insurance business.

Mr. Curry's thesis, as outlined in the *School Board Journal*, says that according to data collected by Assn. of Public School Business Officials, only 18¢ of each fire insurance premium dollar paid by Indiana schools between 1931 and 1937 was returned in losses. Between 1938 and 1945, the figure was 31¢.

Mr. Dithmer pointed out that actuarial statistics show the figures for the first period to be 34¢ and 52¢ for the second. "Such a margin of error hardly indicates a fair approach to the facts, particularly since the true figures are a matter of public record and could be easily obtained. Mr. Curry made his own inquiry for the period 1948-52 by writing to the 162 Indiana school cities and towns employing superintendents. Although less than 40% of the schools answered, his loss ratio of 24% compares favorably with the actual insurance experience on Indiana schools. This is unusual since the questionnaire system is not precisely reliable when applied to insurance."

Mr. Dithmer said that the thesis levels two charges against the fire insurance business: First, on the basis of statistics given, it is concluded that the profits are too high; and, second, it is implied that the schools are carrying the burden for the poorer classes of insurance risks. "The allegation that

profits of insurance companies are unreasonably high doesn't hold up," Mr. Dithmer said. "Stock fire companies had total premiums last year of over \$3½ billion. The net underwriting profits were \$87 million or about 2.4%. On their total capital and surplus of over \$5 billion, the return is 1.7%. What other industry operates on such a low margin?"

Mr. Dithmer said that for the five years ending with 1954, companies made a profit of 1.9% on fire, wind, hail and related perils in Indiana. "This is so close to the line that a few large fires or one bad tornado could turn the profit into loss."

He said *The Star* was in error when it concluded that if a company receives \$1,000 in premiums and pays out \$600 in losses, it has made a profit of \$400. "Fire insurance companies, like manufacturers, must pay processing and distributing costs as well as taxes. If insurance companies could run their business cheaper, they would, for there is no business more highly competitive."

Mr. Dithmer also pointed out many of the unseen benefits provided by stock fire companies, such as those services provided by National Board. He said these services benefit every one whether they buy fire insurance or not, but raised the question: "If the state wrote all the fire insurance, from whence would such benefits come?"

He said that the fire prevention and safety services are not provided by companies to increase their profits. "Fire insurance rates are kept commensurate with loss experience, and the trend of the experience despite the opinions propounded in the thesis," he said. "Companies also provide important services through their local agents. His insurance advice is readily available and through his companies, trained specialists in every line are at his disposal."

Mr. Dithmer admitted that fire insurance experience on schools in Indiana has been excellent for the most recent five years, but presents grounds for a simple conclusion which can be deceptive. "Total fire insurance pre-insured in Indiana in 1954, totalled nearly \$1 million. The good loss experience leads to the charge that perhaps whatever profit is being made on Indiana schools by fire companies is used to offset losses on other types of property. This is not so. The rates for schools stand on their past experience and that of properties with similar hazards. The rate levels include other public buildings such as libraries, hospitals, convents and the like, which are not more hazardous classes, but must be grouped together to obtain enough properties on which to base insurance rates."

"For the sake of argument, suppose

we consider the 162 school corporations which Mr. Curry circularized. The 62 which answered indicated they had paid \$920,000 in fire insurance premiums over five years which produces an average amount of \$184,000 per year. Projecting that figure to estimate the outlay for all 162 corporations, we obtain approximately \$481,000. If we accept the implied contention that school insurance costs can and should be limited to the loss experience of these properties alone, what happens when there is a severe school fire? Obviously, the cost of insurance would have to be immediately increased to balance the books. We are not dealing in the abstract but in reality. Over a 12-month period in 1955-56, three Indiana schools (Cambridge City, Maxwell and East Chicago), burned with a total loss of \$505,000. These occurred after the period of Mr. Curry's survey, and they provide ample evidence that in determining insurance costs, past experience on a small group of risks alone is not a dependable criterion.

He pointed out that rates in Indiana are as low as \$30 per year for \$100,000 of fire insurance. The cost of extended coverage is as low as \$16 a year per \$100,000. In light of these minimum prices, it is difficult to understand Mr. Curry's article concludes with the suggestion that the 1957 general assembly give consideration to a self-insurance plan 'to give relief to the local property tax.'

"What can happen to a scheme of this sort was exemplified in the state of Oregon, which established a state fund in 1925. Ten years later the Capitol Building burned with a loss of \$1,500,000. At that time, there was a balance of \$168,000 in the fund. The difference was made up by taxpayers.

This alone should disprove the theory that state funds provide tax relief as the *School Board Journal* would have you believe.

"In the other kind of state insurance fund, where each governmental unit is assessed a premium for insurance on its properties, the charge is usually based on the rate published by the insurance rating bureau. In some states the full rate is used, and in others, only a percentage. The intent of state funds of this nature is to operate them in the same manner as a private insurance company. They do not comply with the elementary principles of insurance, however, since most states do not have public buildings to permit proper operation of the law of averages. And that is one law which cannot be abrogated by legislative action or bureaucratic edict.

"Another axiom of insurance is that the catastrophe hazard must be at a minimum. This would not be true of school properties within a city or even a large section of the state," Mr. Dithmer said.

"There is a third principle which should be considered in any insurance

### Insurer Pays \$16,000 for Fire Loss to a \$300 Building

ST. PAUL—Pearl has been ordered by Ramsey county district court to pay a \$16,000 fire loss on a building which was destroyed by fire within a year after the owner had bought it for \$300. Judge Arthur A. Stewart in his order conceded that the situation smacked of "unjust enrichment" but held the insurance contract was entered into freely by both parties and hence was valid.

Early in 1954 Edward D. Antell of Minneapolis made arrangements to purchase an unused three-story frame building on the Cass Lake Indian reservation. On Feb. 11, 1954, Antell paid \$100 earnest money on the deal, pending approval by the tribal council. A few days later he insured it for \$16,000 with Pearl, which subsequently inspected the building and the policy was approved. A month later the tribal council approved the sale.

On Jan. 8, 1955, during repainting work, the building was destroyed by fire. After the fire Antell paid off the balance of \$200 on the building.

Pearl refused to pay for the loss on the ground that Antell did not have an insurable interest because the sale had not been completed prior to the fire. But Judge Stewart held that the insurable interest was created on March 8, 1954, when the tribal council accepted Antell's purchase offer even though the deal had not been completed before the fire.

plan—the prevention of loss. When a school building is destroyed, other facilities must be provided for the pupils. Salaries of teachers should be met even though they are temporarily not employed. Books and supplies must be replaced. In substance, loss by fire, whether indemnified by insurance or not, is costly. And beyond that, of course, is the danger to human life. Private insurance, through agents, company field men and rating bureau inspectors, offers competent fire prevention service. If its equivalent is available from any existing state fund, it is not a matter of record," he said.

"According to the book 'State and Municipal Self-Insurance' by George S. Hanson, 20 states since 1897 have tried the state fund experiment. Nine states subsequently dropped it leaving 11 plans still in effect. Some of them are simply maintenance reserves; others operate as pseudo insurance companies.

"The sad experience of Michigan should be enough to discourage any state from entering the fire insurance business. When the State Office Building burned in Lansing, in 1951, there was \$1,750,000 in the Michigan State insurance fund which had been created in 1913. This modern fire-resistive

(CONTINUED ON PAGE 28)

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### F.&D. Makes Five Manager Changes

Fidelity & Deposit has made five managerial changes in three branch offices. C. A. Keith, manager at Detroit, has been promoted to resident



C. A. Keith



J. C. Russell

vice-president there, succeeding the late George L. Bortz. Joseph C. Russell, assistant manager there, has been advanced to manager.

W. T. Cortelyou has been promoted from assistant manager to manager at Dallas, succeeding William S. Moore, who has been appointed manager at Houston. William R. Oldham has been advanced from special agent to assistant manager at Portland, Ore.

Mr. Keith joined the company at Detroit in 1936 and became assistant manager in 1944 and manager in 1951.

Mr. Russell went to the company in 1938 and was named assistant manager in 1951.

Mr. Cortelyou joined the company in 1928 and was named associate manager at Dallas in 1939.

Mr. Moore went with the company in 1940 at Dallas, became associate manager after World War II and manager in 1951.

Mr. Oldham joined the company as special agent at Los Angeles last year and transferred to Portland.

### Award Three Cal. Bonds

Associated Indemnity is surety on two California contracts totaling \$3 million. One is a \$1,441,444 contract for construction of a weapons training facility at the naval air station in San Diego. The contract was awarded to the F. E. Young Construction Co. of San Diego by the U.S. Navy Department. The other is a \$2,600,000 contract for construction of electrical equipment for the General Dynamics Corp. It was awarded to Radiophone Co. of Monrovia.

Fidelity & Casualty is surety on a \$1,462,710 contract for Los Angeles river improvements awarded by U.S. Engineers to C. W. Woods & Sons of North Hollywood.

General Adjustment Bureau has moved its Atlanta branch to 31 Peachtree place, N.E.

### Agricultural Names Sademan at Chicago

Agricultural and Empire State have appointed Elmer E. Sademan of Detroit manager of the Chicago office. He will succeed secretary Paul B. Olinger, who is joining the production department at the home office.

Mr. Sademan has been with the companies since 1941. He has been state agent in Michigan.

Grant M. Buchanan succeeds Mr. Sademan. He has been state agent in northern Minnesota, northern Wisconsin and upper peninsula of Michigan. He went to the companies in 1947 from Fire Underwriters Inspection Bureau at Fargo, N. D.

### Mo. Mutual Agents' Card to Feature Two Forums

The annual meeting of Missouri Assn. of Mutual Insurance Agents at St. Louis, June 21-22, will feature two panel discussions, one on agency-company problems and the other on package policies of all types.

A panel on "Constructive Thinking for Better Business" Thursday afternoon will feature three high ranking company officials, C. E. Nail, president Lumbermens Mutual of Mansfield, O.; J. B. Owen, president Central Mutual Casualty, and A. L. Minzey, vice-president Auto-Owners; and three agents, B. L. Thompson, Kansas City, R. B. Williams, Kansas City, and E. V. Thompson, St. Louis, past-president National Assn. of Mutual Insurance Agents. J. C. O'Connor, executive editor *Fire, Casualty & Surety Bulletins*, will be moderator. W. H. Rodda, secretary Transportation Insurance Rating Bureau, will be moderator of the forum on package policies Friday morning. His panel will consist of E. J. Raabe, vice-president Central Mutual; E. C. Jones, executive vice-president Central Mutual, and A. P. Jones, assistant secretary Mill Owners Mutual.

E. A. Lamb, New York, NAMIA president, will speak at the opening session Thursday morning, followed by a discussion of recent casualty changes by A. L. Milstead and Leonard Kington, both of Equity Mutual. Lee Cavanaugh, St. Louis, vice-president Krupnik & Associates, will discuss the importance of advertising at the luncheon session that day.

### Hodges Joins Ann Arbor Agency

Maurice B. Hodges, formerly state agent for Loyalty group, has joined the Ann Arbor agency. He has had extensive multiple line experience in the Michigan area during the past 10 years.

Gary Assn. of Insurance Women elected Miss Dorothy Dee president, Miss Josephine Olszewski vice-president, Mrs. Bernice Benfield and Miss Elsie Stark, secretaries, and Miss Marguerite Walsh treasurer.

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## Report of New York Department Deals with Compulsory, Excess, and Insurer Growth

The report of Superintendent Holz to the New York legislature contains several items of interest. Much attention is devoted to Mr. Holz' proposed motor vehicle indemnification bill, which failed to pass, though the plain compulsory bill got through and now is law.

In discussing the problem of the financially irresponsible motorist, the report calls attention to the uninsured motorist endorsement, put into effect last October by the automobile insurers. An examination of the many claims already made under this endorsement reveals two significant facts, according to the report.

The first is that in the overwhelming majority of such actions, the uninsured driver is not only financially irresponsible but also culpably negligent. In case after case, the circumstances clearly indicate that the uninsured motorist violated a traffic regulation or failed to observe an elementary rule of safe driving. Rarely was his victim at fault.

The second important observation relates to the promptness with which claims made under this endorsement are being awarded via the arbitration or settlement procedures provided. Frequently, the award follows the medical report of sustained injuries by only a few days.

The companies writing automobile liability coverage in New York are to be commended for their effort to find a solution by this means, the report notes. However, Mr. Holz points out that the nature of the problem is such that it cannot be satisfactorily resolved in its entirety by voluntary methods or through normal commercial insurance channels.

The records for 1954 show that in New York state more than 17,000 out-of-state cars and more than 7,000 hit-and-run drivers were involved in accidents. Inclusion of stolen cars or automobiles driven without permission of the owner would add to this total. In the first 11 months of 1955, accidents involving out-of-state cars and hit-and-run drivers mounted sharply, exceeding the comparable 1954 period by 10%.

The report points out another defect in a compulsory law. This is the failure to provide safeguards against the driver who has insurance when he registers his car but cancels it shortly thereafter or fails to renew promptly upon expiration. Even if insurers are required to notify the motor vehicle bureau of all cancellations or expirations, and if the car registration is revoked upon the receipt of the notice, there is still a period, beginning with date of revocation and terminating with the physical remov-

al of the plates, when no insurance is in force.

Commenting on the activities of the legal bureau of the department, the report states that this bureau investigated the practices of various installment finance companies which tied in insurance costs with the cost of financing the product sold. The bureau discovered instances in which excessive insurance premiums were being

charged by an insurer. Attempts to have these overpayments returned to insured were frustrated by the lumping of the insurance and financing costs.

The complaint bureau processed 2,757 complaints during 1955. Of this number 875 dealt with third party automobile liability, 212 with auto physical damage, and 111 with liability other than automobile. A&S produced 416 complaints, hospital and medical 85, group A&S 38, and Blue Cross and Blue Shield 114. There were only 47 workmen's compensation complaints.

Fire produced 176 and extended coverage 65. Inland marine accounted for 51 while life insurance and annuities were responsible for 349. Only 34 dealt with misleading advertising, 31 with advertising by the agent and three with company ads.

The report reviews growth in the business. In 10 years, 1945-54, A&S increased sixfold, automobile continued its lead over A&S as a premium producer, other fire and casualty lines more than doubled. However, the report states, the rate of growth in all

(CONTINUED ON PAGE 36)



## Old Republic Insurance Company



### Publish New Handbook for West Virginia

A new, up-to-date underwriters' hand-book of West Virginia has been published by the National Underwriter Co. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance throughout the state. Copies of the new West Virginia hand-book may be obtained from the National Underwriter Co., 420 East Fourth street, Cincinnati 2, Ohio. The price is \$12.

America's past, present and future live side by side in New England. Everywhere are constant reminders of impassioned men who wrote history on land and sea. Thriving cities and ports evidence her sturdy contribution to America today—her promise for tomorrow. Visitors come here to sense their country's past... to enjoy the lovely countryside and rugged shoreline. They return home, knowing the indomitable New England spirit lives today—confidently faces the promise and challenge of the future.

In this spirit men and women drawn from many nations work toward a common goal. Here, as in all America, Old Republic's agency plan has been built on the principles of the American agency system. Agents are provided with those facilities that will increase their opportunity for greater success—multiple line facilities, good management, sound underwriting, prompt claim service and progressive selling aids. Address Superintendent of Agencies, Old Republic Insurance Company, Greensburg, Pennsylvania.

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FOR QUALITY PROPERTY INSURANCE SEE YOUR HOMETOWN AGENT!

businessmen at work



These men are tending to business. Very much so! They are taking a quick "refresher course" on property protection—learning how insurance has changed, and how to get the most benefit from modern business insurance.

You or your businessmen's group can arrange for such an up-to-date presentation through the agent or broker of The Home Insurance Company. He knows all the policies and how to make them serve your needs best. Naturally, he sells quality insurance. Every good businessman knows you get what you pay for—and you get most value when you buy the best. That's especially true of insurance, whether it's on your business, your home, your car or anything else you own.

Why not talk to your Home Insurance man soon? You'll find it's time well spent.

# THE HOME

Insurance Company



Home Office: 59 Maiden Lane, New York & N. Y.  
FIRE • AUTOMOBILE • MARINE  
The Home Indemnity Company, an affiliate, writes  
Casualty Insurance, Fidelity and Surety Bonds  
A stock company represented by over 40,000 independent local agents and brokers

This ad of The Home Insurance Company is aimed at getting an audience for *you* — the best businessman in your town.

You get a group together — or even a single prospect. Your Home fieldman will help you to turn talk into premiums!

This advertisement appears in color in:

Business Week—July 7 • Newsweek—July 16 • Time—July 16 • U. S. News & World Report—July 27 • Nation's Business—August • Town Journal—August • American Home—August • Better Homes & Gardens—August

## Colo. Insurors Sponsor Two-Day Institute

An intensive two-day institute to provide a working knowledge of package policies in commercial and personal lines will be held at the University of Colorado extension at Boulder, July 20-21. It is sponsored by the university and Colorado Insurors Assn.

Specialists in the field will conduct the workshop sessions and guide agents in working out typical underwriting coverages which they would encounter.

"Homeowners and Comprehensive Dwelling Policies" will be discussed by Donald M. Witmeyer, secretary of Security-Connecticut group, and Donald E. Waggaman, assistant of the Pacific coast department of Commercial Union-Ocean group.

The session on "3-D and Comprehensive Liability Coverage" and "Commercial Block Forms" will be handled by Calvin T. Hoskinson, secretary of Great American, and William H. Dillon, agency superintendent of Fireman's Fund group.

"Selling Your Package Policies" will be discussed by Fred W. Ellinghaus, instructor at the university, and Thomas J. McKernan, CPCU educational director of the National Assn. of Insurance Agents.

All of the discussion leaders will participate in a general review session called, "Package Your Selling."

## National Fire Names Berch Casualty Supervisor in Kansas and Western Mo.

C. L. Zook, general manager of the western department of National of Hartford group, announced the appointment of Bernard D. Berch as casualty supervisor in Kansas and western Missouri. Mr. Berch attended the University of Detroit and the University of Michigan. He is a veteran of the army, has been with several casualty companies as chief underwriter and field man, and has also had local agency experience. He will have headquarters at Kansas City, in the Hall building, 1114 Grand avenue, where he will be associated with State Agents Brockmann and Packard and Special Agent Dunham and Engineer Babusa. He will also work with the National's Kansas field force consisting of State Agent Stoike, and Special Agents Snapp, Olson, and Corry.

## N. C. Disapproves Home Protector Policy

Commissioner Gold of North Carolina has disapproved of a new home protector policy of Employers Mutual Casualty of Des Moines, ruling that it would violate the state's deviation statute because it would not apply uniformly. He said policyholders who signed statements that their property was insured 80% to 90% of value would receive reductions of 20% to 25%. Non-signers would receive no reductions. North Carolina fire insurance rating bureau opposed approval on grounds that it would cause confusion because of its similarity to Homeowners.

## Markel Gets Ad Award

Markel Service has received the gold award for trade paper advertising from National Federation of Advertising Agencies. The company is the service arm of American Fidelity & Casualty.

Insurance Women of New Jersey has elected Claire E. McCurry of Paterson, president, Margaret E. Strasser of East Orange and Cecelia R. Koermaier of Newark, vice-presidents; Dorothy Monahan and Jane O'Donoghue, both of Newark, secretaries, and Mary Carrig of Newark, treasurer.

## Ky. Casualty & Surety Managers Elect Wilson

Jerome Wilson of Aetna Casualty & Surety Managers Assn. at the annual meeting in Louisville.

Other officers are John James of Security, 1st vice-president; Willard M. Brown Jr. of Glens Falls, 2d vice-president; Richard L. Martin of Fireman's Fund, secretary, and Martin Boedeker of Royal Exchange, treasurer.



# Like a granite Buddha

"Ironjaw" Harrigan is not an easy man to sell. But he's a good listener to any one who speaks his language. I took the Pacific National Fieldman along because he knows almost as much about Harrigan's industry as Harrigan does himself. That did it. The old boy thawed perceptibly, and even unlimbered his fountain pen! It's a good policy to have an ally like the Pacific National Special Agent, who really knows his stuff.

AND IT'S A GOOD POLICY FOR AGENT, BROKER AND ASSURED THAT BEARS THIS SEAL



# PACIFIC NATIONAL

FIRE INSURANCE COMPANY

HOME OFFICE • SAN FRANCISCO  
FOREIGN DEPARTMENT • NEW YORK, SAN FRANCISCO  
EASTERN DEPARTMENT • PHILADELPHIA  
WESTERN DEPARTMENT • CHICAGO  
SOUTHERN DEPARTMENT • ATLANTA  
INTERNATIONAL FACILITIES  
WORLD-WIDE SERVICE



## Auto Training Credit, School Bus Discount Liberalized

The manual provision for a 10% driver training credit applicable to automobile liability and collision premiums has been revised so that instruction in an approved simulated driver training device may be substituted for a portion of actual driving experience in recognized secondary school, college and university driver training courses. The change has been made by National Bureau of Casualty Underwriters, National Automobile Underwriters Assn. and Mutual Insurance Bureau.

For the first two the change is effective June 13 in all states, District of Columbia, Alaska, and Hawaii, except Illinois, Louisiana, Massachusetts, New Hampshire, North Carolina, Pennsylvania, Texas and Virginia. For Mutual Bureau it is effective June 13 in 36 states and D.C.

The manual change provides that the behind-the-wheel instruction requirement of six hours may be reduced to three hours if there are 12 hours of instruction in an approved simulated driver training device. In addition, any time in excess of 12 hours spent in a simulated practice driving device may be applied to the required minimum 30 hours of classroom instruction.

National Bureau and Mutual Bureau also have increased from 15 to 30% the liability rate discount for school buses, other than private passenger school buses, owned by municipalities or school districts. For National Bureau the larger discount is effective June 13 in all states except Louisiana, Massachusetts, North Carolina, Texas and Virginia, and D.C., Alaska and Hawaii. For Mutual Bureau it is effective June 13 in 39 states and D.C.

## Iowa National Mutual Makes Six Promotions

Iowa National Mutual has made six home office and field promotions recently.

Walter A. Greiner, formerly assistant secretary, was named vice-president and manager of the accounting and statistical division. John C. Rice, formerly assistant secretary, was named vice-president and research underwriter. Both positions are new.

Ray J. Meyer, assistant secretary and underwriter at Greensboro, N.C., was named resident vice-president of the new Portland, Ore., branch. R. A. Youngblood, assistant agency supervisor, was named assistant secretary and company agency supervisor.

David K. Stookey, a claims examiner at the home office, was transferred to Orlando as claims manager for Florida.

## HIA Names Niketh to Company Relations Post

Health Insurance Assn. of America has appointed Fred Niketh administrative assistant in the company relations division at Chicago.

Mr. Niketh has been home office sales manager of Continental Casualty where he was responsible for national sales of health and welfare plans. He previously was chief of the disability determination section of veterans administration. He is a member of the Indiana bar.

## GAB Promotes 3 in West

General Adjustment Bureau has promoted T. B. Stewart Jr. to general adjuster at San Francisco. Mr. Stewart joined GAB in 1946 at San Francisco and prior to that had more than 25

years of adjustment and appraisal experience.

Ray L. Wagner has been promoted from adjuster in charge to manager at Moses Lake, Wash. Prior to his assignment at Moses Lake, in 1955, he was at Pasco and Bellingham in Washington.

John W. Sommer, who joined GAB in 1948, has been promoted from adjuster in charge to manager at Lewiston, Ida.

W. A. Howell has retired as an agent at Moberly, Mo., after 22 years in the business. The agency has been sold to Mrs. Frances Tedford, who has combined the agency with her own.

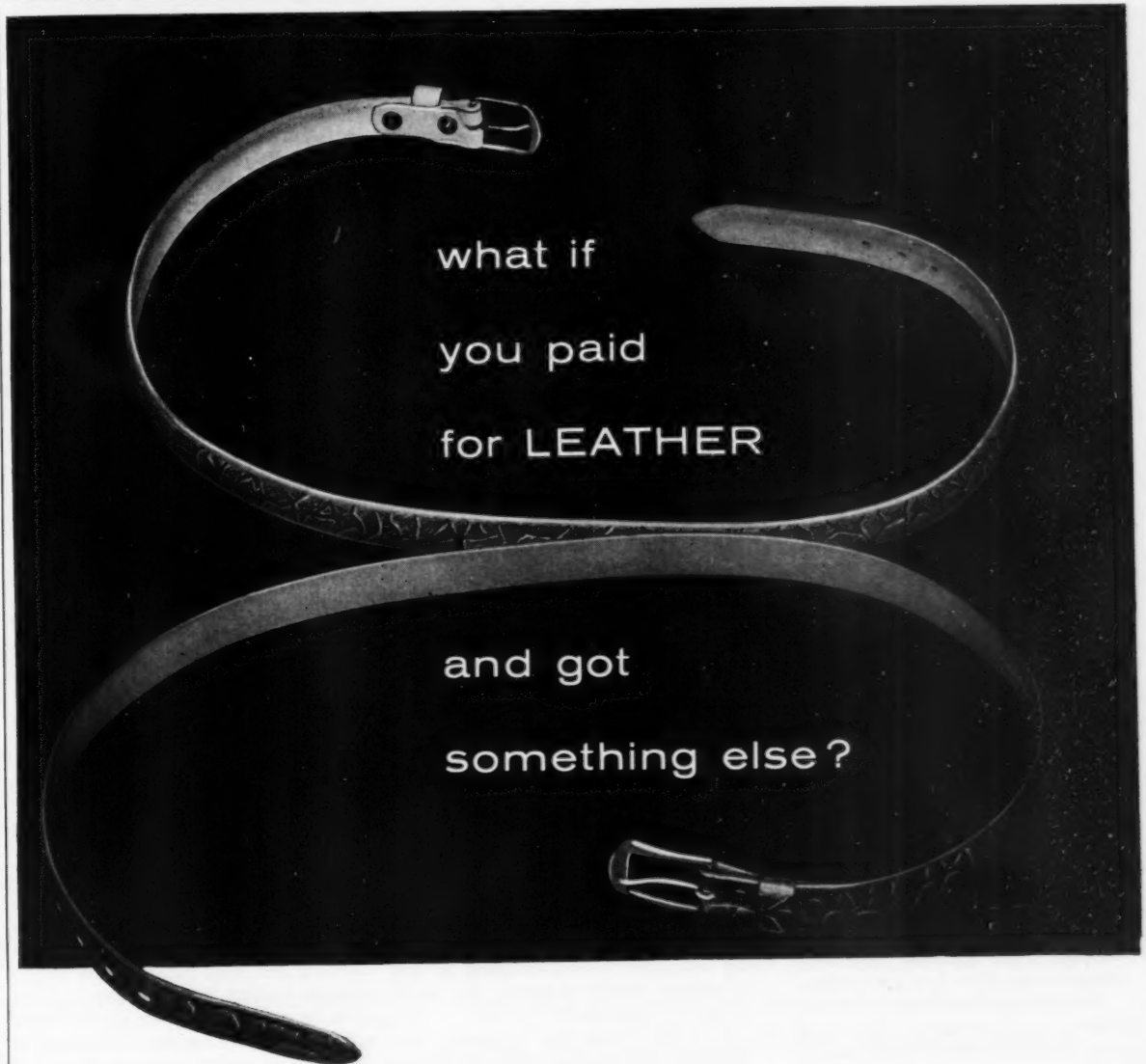
## Fire Protection Engineers Elect Reske President

Society of Fire Protection Engineers elected as president Elmer F. Reske, manager of Cook County Inspection Bureau, Chicago, at the annual meeting held in conjunction with the annual session of National Fire Protection Assn. in Boston.

Other new officers are William G. Schultz, chief engineer of Lumbermens Mutual of Ohio, and James J.

Duggan, mechanical and fire safety manager of Carbide and Carbon Chemicals Co. of South Charleston, W. Va., vice-presidents, and Robert S. Moulton, technical secretary of NFPA, secretary. The society's international membership now exceeds 1,000 fire protection authorities.

General Adjustment Bureau has promoted Raymond H. Hardman from adjuster-in-charge to manager at New Bern, N. C. The office, formerly under supervision of the Goldsboro branch, is now an independent facility.



You'd want to belt *somebody*, wouldn't you? So don't let your policyholders get stuck with safety sheet glass instead of getting Safety Plate, when they have a broken car window replaced. Safety Plate Glass is ground and polished for clearest vision. Safety sheet is not! Libbey-Owens-Ford Glass Company, Toledo 3, Ohio.



SAFETY  PLATE

LIBBEY • OWENS • FORD *a Great Name in Glass*

## EDITORIAL COMMENT

### Agency-Insurer Partnership: II. Standards

Orators on the circuit these days have a ready made theme: What's the matter with the local agent? The agent has been measured against every known standard. He has been displayed as fat, lazy, incompetent, greedy, stupid, short-sighted, two-headed and brainless.

When experience was bad, he was not enough of an underwriter. Now that premium volume is the big objective, he isn't enough of a salesman. He doesn't call on anyone. Office details keep him off the street so the direct writer salesman can have a free hand to get all the business. He sits on his big fat chair and waits for business to come in.

But what do agents say about companies? They didn't take automobile business when it was available for the asking, and now they want to get it fast and, in some cases, for a smaller commission. Their rate making is antiquated. They move just fast enough always to bring up the rear. Their underwriters are clerks without imagination. Their executives spend all their time at committee meetings where they decide what not to do. In the meantime they neglect their own companies. They bring out new covers too fast; they bring them out too slow. They pay too many claims; they don't pay enough claims. Their expenses are too high; their commissions too low.

These views hardly possess the tones of a working partnership.

Yet this partnership of agent and company is one on which both will have to rely more if the two continue to prosper—along with their way of doing business. Each needs to contribute a little more to make the partnership an unbeatable combination.

In the competitive days ahead, particularly if times get tough, the best insurance an agent can have is a good company. The greatest assurance a company can have is a good agent.

What are the standards by which to judge a good company? What does a good company look for in an agent?

What is a good company?

1. A good company consistently tries to do somewhat better than the average of all the other 750 fire and casualty companies with which it competes. If a company fails to make an underwriting gain in most years, it is not doing well at the only function which distinguishes it from other businesses—insurance. When it doesn't make an underwriting profit, it is relying on

other businesses—oil, steel, bottle caps and chewing tobacco—to make its money. If the insurer had to depend completely on underwriting profit, it would be a good deal more energetic and ingenious in getting business—and in handling it.

But company skill in insurance is important to the agent. The company holds itself out to the agent and the agent holds it out to his customers as an organization that not only has strength and durability but also talent, experience, flexibility and ingenuity—in insurance. That is what the public wants to buy and thinks it is buying. If the company doesn't qualify, the agent is delivering less than he promised.

2. Another test for the agent's purposes is what kind of men the company has—field men, managers, loss and claim men, underwriters and executives. Is it really well-manned and well-managed?

Good management, which is made up of capable men who understand what they are doing, tends to perpetuate itself. But so does bad management. Men attract men of like characteristics, and capable men establish standards and traditions which shape the younger men coming in.

In addition, there are not enough good men in the fire and casualty business to go around. Perhaps there never were, but there certainly are not enough today and for these reasons: The great gap in the pipelines created by the depression years and World War II, the fourfold expansion in dollar size of the business, the entry into fire of casualty companies and into casualty by fire companies, the rapid increase in complication due to packaging and the vastly accelerated pace of competition.

Is the company right now developing manpower? Is it bringing in and providing sound training for well-selected young men?

In tough times the company that survives and prospers most will be the one with good men. In a lush economy, almost everyone is a successful operator. In tough times, the boys are separated from the men, and it is the men who carry their organizations through.

3. Financial strength is important. Small, medium-sized or large, some insurers manage their money better than others. Why is this important to the agent?

Because in the days ahead, if insurers don't manage their money well, they will have to retrench, merge or close down. If an agency loses one company by merger, it isn't good and it isn't bad, but what if it loses two or three—and at a time when it is pushed for capacity, say when automobile is poor and fire isn't good?

4. Does the company have an intelligent, consistent, vigorous and effective sales program? Underwriting is important, but it is vital to the agent to have a company eager to write business when business is hard to handle and make a profit. The last 10 years in the automobile business have proved that.

The sales activity of many agency companies is casual, spasmodic and ineffectual. While it is true that the local agent doesn't always respond to sales promotion by one company because he has a dozen other insurers to use for business, that is only part of the story. Most agency companies do not have, or if they have occasionally, they do not maintain, a well-planned, well-executed selling program. Their principal selling effort, and in places and at times it has been brilliant, has been due largely to the good offices of the field men.

What about the agent, the other partner in this business?

In general, the agent's basic functions are the administration of an office, merchandising, the selection of business or underwriting, and follow through on losses and claims. Of these functions merchandising has become quite important. But there is another problem which is closely related to merchandising—the problem of expansion of agency forces.

Much is said nowadays about agency selling. Agents will hear more. The companies are talking about it. Agency leaders have come to the conclusion that there is such a thing as merchandising involved in the distribution of insurance.

One theoretical advantage of the captive agency system is that the company can control the selling pace. They can get their agent out early in the morning and keep him out late in the evening making sales—or fire him. At least for a time the direct writers have outdistanced the agency companies in the sales of certain personal lines.

If the agent is devoting some attention consistently and intelligently to a selling program, that probably is enough. For the agent doesn't want to become a salesman only, a sales machine with 99% of his interest concentrated on closing the sale, collecting the cash and departing for the next doorbell. The local agent has a dual function. He must merchandise without yielding the other values he pro-

vides—service and follow through. But unless he does some selling, he is an order taker, and today he has to do more selling because his competitors are doing more.

The growth, or expansion, problem of the local agency is the really serious weakness in the agency system. It is serious because it is difficult to cure. There are about 225,000 independent local agents devoting their full time to insurance distribution in the U.S.—which is many too few. The number probably has not increased much more than 10% in the last 10 years.

The number of direct writer salesmen has increased much faster because of the consistent program by direct writers to add more and more new salesmen to their staffs.

There is no such program by stock agency companies.

This means that much of the insurable values and many of the risks added to the insurable potential since 1940 by expansion and inflation was left open for exploitation by anyone. The direct writers moved into this field and developed it.

When there was enough business for everybody and everyone was showing big increases every year, the failure of the local agency system to expand in relation to the economy was neither apparent nor even too serious a matter. But for the future, either the companies, or the agents, or both, will have to solve this problem or relinquish more and more business to agents and companies operating in a different manner.

The agency companies are going to have to get more business from the agents, or appoint more agents, or resign themselves to an increasingly smaller share of the total insurance business.

Whether the agency companies appoint more agents, or direct writers sop up the business that local agents don't have and that is available, it comes out to the same thing—more competition.

Perhaps the agency companies will develop a more adequate program of bringing new agents into the business.

But the local agent can help solve the problem by adding strength to his agency—by taking in a partner or by adding a younger man, or both, in order to develop more of the potential in his community.

The two most pressing problems of the agency system, failure to merchandise enough and to expand rapidly enough, are not so much indices of weakness as of quality. These two problems arise largely from the failure of both companies and agents to appreciate fully and cultivate assiduously enough the values of this kind of insurance distribution.

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SUBSCRIPTION OFFICE:

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SAN FRANCISCO 4, CAL.—Flatiron Bldg., 544 Market St., Tel. Exbrook 2-3054. A. J. Wheeler, Pacific Coast Manager.





## PERSONALS

**C. Robert West**, the new president of Georgia Assn. of Insurance Agents, has been a member of the executive committee since 1953. He opened his own agency at Brunswick and St. Simons Island in 1949 after considerable experience in engineering and sales work. He is a past president of the Rotary club at St. Simons, a past president of the chamber of commerce there, and he organized St. Simons Island volunteer fire department in 1952, a group of which he is currently captain.



G. Robert West

**Harrington Putnam**, vice-president of American Foreign Insurance Assn., attended the Princeton graduation exercises to see his son, Harrison Jr. receive his degree. Harrington Sr. was graduated in 1928.

**Carl E. McDowell**, executive vice-president of American Institute of Marine Underwriters, has been re-elected president of National Council of Seamen's Agencies.

**Robert E. Brown Jr.** of Aetna Life group has been elected president of Advertising Club of Hartford.

**John A. Diemand**, president of North America, has received an honorary doctor of laws degree from St. Joseph's college, Philadelphia.

**P. N. Snodgrass**, secretary of General Casualty of Madison, and Mrs. Snodgrass attended the graduation of their daughter from Wellesley college last week, and are remaining in the east to attend her marriage to Richard G. Hosford of Dallas, a senior medical student at Harvard university.

**Paul C. Grider**, Kentucky state agent of London and Manhattan F. & M., attended the graduation of his son, Edward, from Princeton university last week.

**Nick Dekker**, Pacific Coast manager of America Fore group, and Mrs. Dekker journeyed east last week for the Dartmouth graduation of their son, Allan N. Dekker. Allan Dekker is returning to Dartmouth next year for his master's degree in the school of business administration.

Directors, department heads and supervisors of Underwriters Adjusting gave a dinner last week at the Union League Club, Chicago, for **T. A. Pettigrew**, who retired as chairman of Underwriters Feb. 1. Mr. Pettigrew has been living in Florida, and his visit to Chicago was the first opportunity the officials of Underwriters have had to do him the proper honors. He was presented with a handsome sterling silver service.

**Dwight H. Rutherford**, local agent at Athens, Ga., received a certificate of merit from Ohio University Alumni Assn. for distinguished service to his alma mater. He has served as a trustee of Ohio University Fund, Inc., for several years and represents that

group on the board of the alumni association.

Mr. Rutherford received the Paul Revere trophy awarded by Ohio Assn. of Insurance Agents in 1946.

## DEATHS

**WADE G. BOUNDS**, 55, New York claims manager of Maryland Casualty, died in New York hospital after a long illness. He started with the company in 1925 as special attorney in the bonding claim division of the home office. He transferred to New York as bonding manager in 1937 and was appointed claims manager there in 1947.

**WILFRED G. THELON**, 75, retired local agent of Flint, Mich., died at Hurley hospital there. He was a veteran of the Spanish-American war and was an agent at Flint for 35 years until he retired in 1948.

**WILLIAM O. PAINE**, 66, a Los Angeles broker, died.

**FRANCIS J. FOLEY**, 63, New York broker, died following a heart attack. He resided in Mount Vernon, N.Y.

**MANLEY FREEMAN**, 57, claims adjuster for Grain Dealers Mutual, died at Indianapolis.

**MRS. FRANK W. BLAND**, whose husband is western United States manager for Canada Life, died at San Francisco. Mr. Bland for many years was Pacific Coast manager of the National Underwriter Co.

**THOMAS H. BOYES**, local agent of Fall River, Mass., died there suddenly.

**HARRY B. L. MARVIN**, 64, local agent of Deep River, Conn., died there. He was president of Deep River Savings Bank and a director of New London County Mutual Fire.

**WALTER A. GRAY**, 74, retired agent of Greenfield, O., died.

**THEODORE H. REITER**, 69, Chicago broker and founder and in the early '30s president of Illinois National Casualty, died at Grant Park hospital in Chicago.

**ALBERT O. GUTHRIE**, 71, local agent of Graham, N. C., died suddenly.

**JOHN L. ROCHESTER**, 58, president of Norman Duffield & Co., local agency of Buffalo, N. Y., died after a short illness. He joined the agency in 1930. He was secretary of Buffalo Board of Fire Underwriters.

**ERVIN T. DANIEL**, 47, local agent of Oxford, N.C., died of a heart attack following a fire in his home.

**DUDLEY M. HOLMAN**, retired president of United States Mutual Liability, died in Quincy, Mass. He was a member of the first Massachusetts industrial accident commission when the workmen's compensation law was adopted 50 years ago.

**LEONARD A. ULLRICH**, 75, who retired as a broker with W. A. Alexander & Co. of Chicago in 1948, died.

**DENTON H. PAINTER**, 79, retired St. Louis manager of St. Paul F. & M., died at St. Luke's hospital. He had charge of St. Louis for St. Paul F. & M. from 1923 to 1947. He was a life member of the Blue Goose and was most loyal gander of the St. Louis Pond in 1931-32. He also was a past president of St. Louis Court of Great & Jovial Order of Cat's Meow.

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## Gold Named Receiver of Inland Empire's \$50,000 Deposit

Judge Hobgood of North Carolina superior court has appointed Commissioner Gold receiver and liquidating agent for the \$50,000 deposit made in the state by Inland Empire of Salt Lake City, now in receivership.

The commissioner said the deposit would be just about enough to cover claims and refunds of unearned premiums. Receivers for the company had made an unsuccessful attempt through U. S. District Court to gain control of the deposit but it was ruled that the deposit should remain in North Carolina and be distributed according to state court orders.

## Hagglund Heads New Southeast Claims Unit

Twenty-one companies in nine southeastern states have formed Southeastern Claims Executives Assn. in Jacksonville, Fla., and have named Clemens Hagglund of American Title of Miami president.

Other officers are Parks Hunnt of Standard National of Atlanta, vice-president, and R. I. Haubenreiser of Southeastern Fire of Charlotte, secretary. The first regular meeting of the new group will take place in Atlanta, June 20-21.

## Bill Would Cancel Alien Bonds

A bill has been introduced in the House that would cancel bonds posted under the immigration act of 1924 on behalf of aliens who entered the U.S. as non-immigrants before July 1, 1953, and who had their immigration status adjusted to that of an alien admitted for permanent residence. The bill would authorize forfeited bonds to be refunded.

## Buffalo Appoints Clissold Manager at Los Angeles

Buffalo has appointed Walter C. Clissold manager of the Pacific department at Los Angeles to succeed Leslie W. Powers, 2nd vice-president, who has transferred to the home office to assist in fire business administration.

Mr. Clissold started in insurance with Kemper group in 1933 as an underwriter in the Northeastern states. He went to Los Angeles in 1945 as supervisor of the automobile underwriting department and later became head of the workmen's compensation and general liability department there. Since 1949 he was with Brander & Co. and Ray Rosendahl & Co., both Los Angeles brokers. He is secretary of Insurance Underwriters Assn. of Los Angeles.

## Liberty Mutual Names Mergott Sales Head

Winston Mergott, vice-president of Liberty Mutual, has been promoted from manager of business risks to manager of business sales at the home office.

He started with the company in 1931 as a salesman in Newark. He was subsequently manager at Cincinnati and Minneapolis and was named vice-president and division manager at Pittsburgh before heading the business risks department.

## Hardware Mutuals Promote Hamm

Robert P. Hamm has been promoted from claims training manager to general claims manager of Hardware Mutuals of Wisconsin.

Mr. Hamm practiced law in West Allis, Wis., before joining the company.



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## Begin N. C. Hearing On N. A. Rate Cut

North America's renewed bid for a 10% deviation in North Carolina on fire, extended coverage and homeowners met strenuous opposition in a public hearing before Commissioner Gold.

North Carolina Fire Insurance Rating Bureau contended the state's deviation statute would be violated by the filing and argued that to allow a giant company to deviate would have a strongly adverse effect on the rate-making structure. Objecting also were several individual companies and both the stock and mutual associations.

Mr. Gold declined to dismiss the application on motion of the bureau but he reserved the right to change his ruling at the conclusion of evidence. He did allow a motion to dismiss subpoenas which North America had obtained for 67 executives of other companies saying such evidence would not be pertinent.

The company offered numerous exhibits to support its claim. L. H. Longley-Cook, North America actuary, took the stand. After nearly two days the hearing was recessed until June 14. Probably two more days will be required to complete the hearing.

Also appearing for North America are H. Richard Heilman, William P. Pugh and Perry Epes of the head office, and Charles H. Young, attorney of Raleigh.

The rating bureau is represented by Col. William T. Joyner and William T. Joyner Jr. of Raleigh, and Charles P. Butler of New York.

The stock agents are represented by Arch T. Allen, Raleigh lawyer, and the mutual agents by William A. Stringfellow, executive secretary. The individual companies are represented by James H. Poubailie, Raleigh lawyer.

Last November Mr. Gold granted the request for a deviation but the rating bureau took the issue to the courts and won a reversal on the contention it had received no notice and been given no opportunity for hearing. North America then filed a new application.

## Oregon Agents Assn. to Hold 3-Day Seminar

A seminar on insurance counseling and salesmanship, sponsored by Oregon Assn. of Insurance Agents and University of Oregon in cooperation with Oregon Fire Underwriters Assn. and Oregon Insurance Rating Bureau, will be held June 27-30 at Eugene.

Speakers will include Crosby Owens, North British, on "Methods of Survey and Analysis;" J. Don Smith, Smith & Crakes agency, on "The Science of Selling;" P. F. Kingsley, Fireman's Fund group, on "Maintenance of an Insurance Program;" and Bert Stewart Jr., National Automobile Club, on "Market Development."

## Mill Owners Names Shannon

Mill Owners Mutual of Des Moines has named Stratton J. Shannon fieldman for northeastern Iowa. He replaces James T. Sharp Jr., with the company since 1931, who was named advertising manager.

Mr. Shannon was formerly associated with Farmers Mutual of Madison.

Insurance Women of New Orleans have elected Mrs. Edna Hooley president, Mrs. Faye Foss and Miss Mildred MacDonald vice-presidents, Miss Elda Louvier and Mrs. Honora Donna secretaries, Miss Marie Bezou treasurer, and Miss Regina Boley, Miss Burnadette Murphy, Miss Gaynell Maronge, Miss Julia Fischer, Miss Helen Hall and Miss Gertrude Calhoun directors.

## Ross' Interview on TV Draws Cheers

The discussion of insurance over Dave Garroway's TV program, "Today," by Kenneth Ross, president of National Assn. of Insurance Agents, has drawn favorable comment from local agents and associations.

The interview was "live" on three different hourly segments of the program. A kinescope version was used for far west reception.

One local association wired NAIA that Mr. Ross' interview was a "super colossal success. This is public relations at its best."

A local agent wrote Mr. Ross that the presentation was "the best thing the association has done during my 20 years as a member."

## Van Marter Speaks on Gas Hazards

C. H. Van Marter, fire protection engineer for Union Oil Co., spoke on hazards connected with storage and handling of liquefied gas and precautions necessary to safeguard against explosions at the May meeting of Society of Fire Prevention Engineers of Los Angeles.

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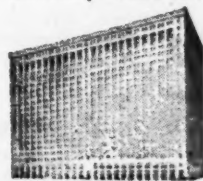
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## FIELD

**Heart of America Pond Elects Snodgrass MLG**

Ray C. Snodgrass of the Crum & Forster companies was elected most loyal gander of Heart of America pond of Blue Goose at the annual meeting in Kansas City, Mo. He succeeds Louis Lange Jr.

Other officers are O. J. Cope of Western Adjustment, supervisor; Robert P. Hartman of Springfield F&M., custodian; Phillip H. Bevan of Aetna Fire, guardian; Earl N. Boutell Jr. of Boutell Distributors, keeper, and PMLGG Alex B. Young of Hartford Fire, welder.

Fourteen goslings were initiated and five members elected through petition of flight.

New officers of the ladies auxiliary are: Mrs. Snodgrass, president; Mrs. Cope, vice-president; Mrs. Hartman, secretary, and Mrs. Park C. Chambliss, treasurer.

**So. Cal. Fire Underwriters Hear Discussion of Forms**

Proposed changes in the renewal form and progress toward a simplified earthquake form were discussed by John H. Martin, San Francisco manager of Standard Forms Bureau, at a meeting of Southern California Fire Underwriters Assn. in Los Angeles.

**American Makes Ia., Mich., Wis. Changes**

American has appointed John E. Curran special agent in Iowa at Davenport and Victor E. Kraft special agent in northern Michigan and Wisconsin at Waupaca, Wis.

Mr. Curran will assist Special Agent Francis P. Kneeland in southeastern Iowa. Mr. Kraft, formerly an underwriter in the western department at Rockford, Ill., will work with State Agent R. H. Rasmussen.

**Nelson Named Ill. Special Agent for Aetna Fire**

Aetna Fire has named C. Raymond Nelson special agent in Illinois with headquarters at Rockford.

Mr. Nelson was formerly with a general agency in Denver and prior to that spent several years with Mountain States Workmen's Compensation Rating Bureau.

**Great American Names Wolfe N. J. Field Man**

Great American has named Harry C. Wolfe special agent in southern New Jersey at Philadelphia. He will work with C. Neville Wight, special agent. Mr. Wolfe was special agent in New Jersey for Camden Fire.

**Lowry to Cal. Field Post for Fire Association**

Jack Lowry has been appointed special agent for Fire Association in the Sacramento Valley.

He has been in insurance since 1948, and has had both agency and company field work experience. He will have headquarters at Sacramento.

**Alamo Pond to Meet June 18**

Alamo pond of Blue Goose will hold its annual meeting and election, June 18, at the Gunter hotel, San Antonio.

More than 60 members and guests attended the annual picnic and golf outing of the pond.

**Travelers Appoints Nine to Field Posts**

Travelers has made nine field appointments in casualty, fidelity and surety lines.

Gaston M. Broyles has been promoted from field supervisor to assistant manager at Houston. Christopher C. Condon Jr., assistant manager at Newark, has been transferred to Toledo in the same capacity. New field supervisors are Robert Lawson at Des Moines, George W. Lehner at Duluth, Minn., Richard E. Boucher at Manchester, N.H., James G. McGarr at New York City, Dietrich H. Kulze at Little Rock, Anton Linsmaier, unassigned, and Gerald L. Smith at Salt Lake City.

**Indiana Pond Elects Baker**

W. U. Baker, Suburban Casualty, was advanced to most loyal gander of the Indiana Blue Goose at the pond's annual meeting at Ulen County Club in Lebanon. Succeeding Mr. Baker as supervisor of the flock is G. H. McKenzie, of Merchants Property of Indiana. Other new officers are George F. Wilder, Home, custodian; Hiram W. Montgomery, W. P. Ray Co., guardian; and Glenn Gleason, Western Adjustment, keeper. H. B. Skelton, of the Rough Notes Co. was reelected welder. Harry F. VonBurg, General Accident, was the retiring most loyal gander.

Robert M. Voris, Loyalty group, won low gross honors in the golf tournament.

**Harris to Cal. Field for Providence Washington**

William E. Harris has joined Providence Washington as special agent for San Diego and the Imperial counties.

Mr. Harris was formerly special agent in southern California for New York Underwriters.

**Fischer, Cullen Move Up in New Hampshire**

New Hampshire group has promoted from marine superintendents to managers Frank J. Fischer of the western marine department at Chicago and A. J. Cullen of the middle Atlantic marine department at Upper Darby, Pa.

**Buffalo Names Dinsmore Special Agent in Cal.**

Buffalo has appointed Robert W. Dinsmore special agent in California at San Francisco. He will assist Ledger C. Grover, manager. He started in insurance with Pacific Fire Rating Bureau in 1946 and for the past eight years was special agent for Loyalty group in San Francisco.

**Stamp Joins Pacific National in Ohio Field**

D. Richard Stamp has been named eastern Ohio state agent for Pacific National. He will have headquarters at Cleveland.

Mr. Stamp was formerly north-eastern Ohio state agent for North British.

**Crepps to Ohio for Phoenix.**

Phoenix of London has appointed John L. Crepps special agent in Ohio at Columbus. He will work with George B. Rush Jr., state agent. Mr. Crepps was formerly Ohio special agent for Mills Mutuals.

**N. C. Pond Elects Badger**

North Carolina pond of Blue Goose has installed Alexander S. Badger of Raleigh MLG succeeding Ernest L.

Hearne of Greensboro. Others installed were E. C. Curtis of Raleigh supervisor, Clayton Stallings of Greensboro custodian, Russell G. Sherrill of Raleigh Keeper, Percy L. Carlton of Charlotte keeper and Samuel F. Padgett of Asheville welder.

**Beaver New President of Mich. Field Club**

Michigan Fire Underwriters Assn., at its annual meeting at Houghton Lake, elected Charles R. Beaver, Great American, as the new president; G. F. Goltermann, St. Paul F&M., vice-president, and Wayne L. Barr, Hanover, secretary-treasurer.

The principal speaker was John C. Wasmuth, director of audits of Michigan Inspection Bureau.

**Nebraska Blue Goose Elects Heckenlively**

Clive E. Heckenlively was elected most loyal gander at the annual meeting of Nebraska pond of Blue Goose to succeed Gay E. Miller.

Other new officers are Fred A. Fletcher, supervisor; E. J. Nagel, custodian; Lester J. Brown, guardian; Clarence E. Hedstrom, keeper and Lyle C. Johnson, welder.

Twenty-two new members were initiated at the meeting.

**Gerke Named to Head Springfield Pond**

H. A. Gerke of Great American has been elected bullfrog of Springfield (Ill.) pond of Blue Goose.

Other new officers are C. P. Nichols of American States, tadpole, and J. G. Hayden of America Fore, croaker.

**Johnson to Field Post for Casualty Underwriters**

Henry C. Johnson has been named a field representative for Casualty Underwriters of St. Paul. For the past seven years he was Minnesota field representative for Tri-State Mutual Grain Dealers Fire of Minnesota.

**Ostergrens to New England Field for Fireman's Fund**

Fireman's Fund has named Clifford B. Ostergrens special agent for New Hampshire and Vermont to handle casualty, bond, burglary and auto lines. He will have headquarters at Manchester, N. H.

Mr. Ostergrens began his insurance career in 1934.

**Inspect Elkhart, Ind.**

Indiana Fire Prevention Assn. wound up its year with a two-day inspection at Elkhart, where the field men were assisted by Elkhart, Assn. of Insurance Agents, the local chamber of commerce and fire department and Boy Scouts. A total of 637 buildings were inspected, with improvements recommended for 67%.

Robert F. Hamm, director of public relations for the Indiana Rating Bureau, spoke to a luncheon gathering of 150.

**Royal-Liverpool Names Low**

Royal-Liverpool has named David B. Lowe state agent in Illinois at Peoria. He joined the company in 1952 as an underwriter in Boston and transferred as special agent to Kansas City last year.

Insurance Women of Corpus Christi awarded a gold medal to 14-year-old Michael Leith as the most outstanding safety patrolman of the year. He assisted children from an overturned school bus and notified school officials of the accident. Eight other trophies were presented to schools with the best safety records and safety patrols.

## A &amp; S

**Michigan Blue Cross Reports Deficit; Hint Another Increase**

LANSING—Hints of a possible new request for a rate increase by Blue Cross-Blue Shield in Michigan were embodied in a report during the past week by William S. McNary, executive vice-president of Michigan Hospital Service, disclosing a deficit for the first quarter of 1956 amounting to \$637,000, paid out of reserves. Payments by Blue Cross in the first three months ran 21% higher than for the same 1955 period, it was noted.

Commissioner Joseph A. Navarre approved a 15% rate increase effective March 1 although an increase of more than 20% had been asked. McNary conceded the size of the deficit probably was accounted for largely by the fact that in two of the three months reported old rates prevailed. He said, however, that the current cost per hospital case is running \$190, \$11 higher than at the same time last year.

Two encouraging signs were noted, a drop in the admission rate per 1,000 members in March by 3.4 from the 1955 rate and a cut in average days of care per 1,000 members from 1,179 in 1955 to 1,161.

United Automobile Workers—C.I.O. executives, led by Walter P. Reuther, their president, have been bitter critics of present Blue Cross operations and the upward trend in costs which they have attributed to a lack of executive effort to eliminate bad practices and abuse of the services. Some C.I.O. locals have been attempting to organize a hospitalization company of their own.

**Chicago Claim Assn. Elects Westphal**

Howard C. Westphal of Continental Assurance has been elected president of Chicago Claim Assn. to succeed Edward A. Ruehrdanz of Retail Credit Co.

Other new officers are Ralph M. Martin of Independence L&A., vice-president; Donald W. Cameron of Bankers L&C., secretary, and Clyde D. Zimmerman of Continental Assurance, reelected treasurer.

F. H. Kemp of Prudential and Melba DeLisle of Washington National were named to the executive committee.

**Continental Casualty Names Daniels in Florida**

Howard Daniels has been named claim manager at West Palm Beach by Continental Casualty. He has been with the company for 26 years, most recently in a home office claim post.

**Probe Illegal Group Sale to Mexican Laborers in Tex.**

AUSTIN—Joseph Moore, chief of the agency securities division of Texas Board of Insurance Commissioners, is conducting an investigation into alleged illegal practices in the sale of group coverages to Mexican braceros (migrant workers).

While present evidence does not justify the filing of any complaint, Commissioner J. Byron Saunders said it appeared that "some cotton growers' associations and certain other people" have made a practice of obtaining power of attorney from farmers to write coverage for the time the bra-



ceros are in this country, accepting the business on a credit basis.

The investigation covers the entire Mexican border, being centered in the lower Rio Grande valley area. The probe was undertaken after receipt of reports from representatives of the U. S. Department of Labor.

## Texas A&S Men Elect Severin President at San Antonio Meeting

SAN ANTONIO—Federal regulation of A&S advertising, closer cooperation with hospital administrators, substandard risks, and other problems facing the A&S industry were discussed by speakers at the annual convention of Texas A&H Claims & Underwriters Assn. here.

E. O. Severin, executive vice-president of Time Life, was advanced to the presidency to succeed R. B. Donovan, vice-president of United American Life. R. W. Allen of Old National Life was named vice-president and John V. Borden of International Life was elected secretary-treasurer.

Mr. Donovan opened the session with a presidential report in which he reviewed developments of the past year. "In addition to marked changes in external factors of regulation and newspaper scrutiny, we have been faced with an increasing loss ratio in the hospital and medical expense coverages of the policies we write," he said. "In more complacent times, underwriting and claim personnel have had only an academic interest in the external aspects of the business, being concerned primarily with the specialized problems of risk selection and claim administration. Today we must all be vitally concerned not only with the internal technical consideration of our business but we must also be alert to the external forces which are changing the character of insurance."

Dr. J. L. Cochran, president of Texas Medical Assn., pointed out physicians are taking an active part in legislative matters to prevent not only socialized medicine but also any other socialistic inroads into the American economy.

He outlined the physician's stand on legislative proposals as "opposition to any measure which will remove from the individual or group of individuals rights as enumerated in the constitution or bill of rights or which interjects government into the daily life of the individual or into his business. Physicians are also opposed," he said, "to the expansion of centralized authority and its accompanying interference in the life of any citizen. We correspondingly support any measure which reduces or eliminates the interference of government in the activities of the individual or group."

Dr. Cochran reviewed what is being done by the medical profession to oppose social security amendments and urged teamwork between insurance men and physicians to prevent further socialization of health care.

In a discussion of substandard A&S, Stanford Miller, vice-president of Employers Re, called for coverage of the impaired risk through an additional premium or restricted benefits. Mr. Miller said use of the term "substandard" in describing impaired risks was bad psychology. He suggested that

companies might form a pool through which they may share the risk on special types of impaired risks while assuring that all except the morally ineligible have the protection to which the public believes the individual is entitled.

Morris Brownlee, Texas life commissioner, in a review of insurance company functions called for improvement in claims conditions through "harmonious relations among those engaged in claims matters, exchange of information on topics of common interest, close and continuous observation of local claim conditions, ethical standards in claim adjustment, improved methods of minimizing fraudulent claims and better relations with bar and medical associations."

Horace Cardwell, president of Texas Hospital Assn., offered suggestions for improving relations between hospitals and claim men. He urged claim managers to sell their companies through personal visits or personal letters to the proper hospital administrator involved. The letter should include an explanation of the various types of coverage being offered and procedure for prompt and efficient handling of claims when patients are admitted under the coverages.

A workshop on field claim service was presented by A. W. Scott of Lincoln National Life, A. P. Dowlen of Great National Life and John V. Borden of International Life.

Francis C. Sullivan, district agency manager of American Hospital & Life, urged teamwork between the agent and the claim man. He urged claim men to be as enthusiastic about service for the claimant as is the agent and asked the claims manager not to be too critical of agents when a particular claim proves that hindsight is better than foresight.

Other speakers included J. D. Wheeler, general counsel of American Hospital & Life, who reviewed the FTC A&S Code, and Lowry Loveless, vice-president of Insuromedic Life, who described the work of the hospital-insurance-physicians committee in creating better relations among the groups.

## Tells Why Company Went Non-Can on all of Its A&S Policies

Since New York Life turned to an exclusive non-cancellable A&S plan the volume of new business by number of applications has increased more than 25% compared to 1955, Peter J. Burns, executive assistant in the A&S department of the company, told A&H Club of New York.

The average premium per application on an applied for basis has jumped from \$85 to slightly more than \$115. Premium volume on an applied for basis is up by more than 70%. The company is writing more of its new \$25 deductible hospital expense policy than it did the commercial policy which provided first dollar coverage. Sales of the new major medical expense policy are more than double what they were under the old program, he said.

The conclusion that the company could issue non-can on a sound basis was determined by several factors. Its experience on commercial policies permitted it to make a number of statistical studies and a large new inter-company study of disability experience was available. Underwriting had improved to the point where satisfactory results could be anticipated. Agents and home office personnel had

(CONTINUED ON PAGE 38)

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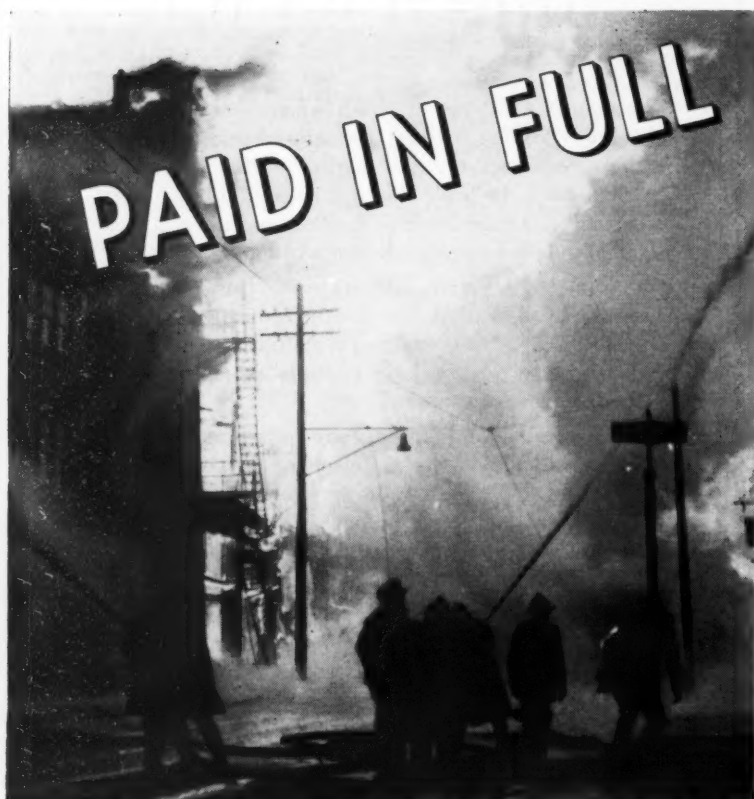
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## Sims Elected North British Executive

James M. Sims has been elected assistant secretary of the six companies in North British group and has been promoted from agency superintendent to assistant manager of the southern department at Atlanta.

He will be associated with Jack G. Parsons, assistant secretary and assistant manager. Before becoming agency superintendent, Mr. Sims was state agent for the group in southeast Texas and prior to that was a field man of the group in Tennessee.

## San Antonio Claim Men Hear Talk on Back Injuries

Dr. M. H. Morris of San Antonio presented a study of back injuries at the June meeting of San Antonio Claim Men's Assn.

He said that spinal injuries are of three types. The first he designated as the simple wedge fracture which results from compression of the spine. It occurs when an individual falls from a height and lands on the feet or buttocks. In describing treatment, he said the injury calls for bed confinement of from four to seven days. The injured individual who does sedentary work, he said, can return to work in 10 days, wearing a fitted back brace. About 90% of the fracture cases show no permanent impairment.

The transverse back injury, resulting from a sudden strain or twist of the back, calls for careful examination so that the injury may be localized, he said. The victim should return to activity in 14 days to three months and where the occupation is sedentary the worker should return to his activity as soon as practicable.

The third type of spinal injury, Dr. Morris said, is the result of the cracking of a cartilage at the time of birth. It makes a worker unfit for heavy work. He said from 2-6% of people suffer from such a condition.

Dr. Morris stated that employers would profit by having applicants for heavy work x-rayed before they are employed. He indicated that in all three types of injuries if the injured individual can be treated before seeing a lawyer, the length of disability will be reduced and both worker and employer profit.

## Home Mutual Promotes R. E. White

Home Mutual of Appleton, Wis., has promoted Richard E. White to public relations and advertising manager. He has been advertising manager since joining the company in 1950.

Federal crop insurance corporation has planned to start an experimental program of peach crop coverage in one county in North Carolina and one in South Carolina next year.

## Changes in Commercial Property Cover in Cal.

Several important changes in the rules and forms affecting commercial property policies in California have been made by Pacific Fire Rating Bureau, effective July 1. The changes may be applied to existing policies regardless of their effective date.

The changes are: The so-called "simple risk" classification, that is, risks subject to the rating formula published in the manual, will be expanded to include retail or wholesale risks with annual gross income not exceeding \$1 million, employing not more than two outside salesmen who carry samples, and operating not more than three vehicles (maximum value carried by any one such vehicle not to exceed \$1,000) for pickup or delivery service, subject to limits of liability under items D, E and F of the specifications form not in excess of \$500 and \$100 respectively for item D, \$10,000 for item E(1), \$1,000 for item E(2), and \$10,000 for item F. A "short" application and re-rate form, has been designed for use with the "simple risk." This simplified form will not require notarization. The minimum earned and deposit premiums applicable to specifications form No. 2 and form No. 3 will be reduced from \$300 to \$200.

Other changes, including a revision of the existing application and re-rate form, will be made for purposes of clarification.

## Continental Casualty Offers New Coverage

Continental Casualty has added to the special risks employee-group polio and dread disease coverage a \$50 weekly indemnity for as long as 52 weeks when the insured is stricken by any of the covered diseases.

The coverage now offers a total of \$10,000 unallocated blanket medical reimbursement and the new \$50 weekly indemnity. Annual cost for the coverage is \$3.80 per individual employee, and \$7.65 premium will cover the married employee, his wife, and all unmarried children under 21.

## House Bill Would Require Bonds

A bill has been introduced in the House to amend the 1944 servicemen's readjustment act to require a performance bond with respect to warranties on construction for guaranteed, insured or direct loans under the housing act of 1954.

Brooklyn Insurance Brokers Assn. heard an address on premium financing by Louis L. Koelsch, field representative of Afco, at the June 7 meeting.

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## Va. Rating Bureau Elects McDavid, Noell

A. J. McDavid of New York Underwriters was elected chairman of the governing committee of Virginia Rating Bureau at the annual meeting in Richmond. He succeeds Joseph T. Malone of Travelers Fire. R. W. Criswell of Aetna Casualty was elected vice-chairman.

Members of the governing committee and their representatives are: American, John P. Young Jr.; Eastern Shore of Virginia Fire, J. Milton Mason; Fidelity-Phenix, Louis P. Jervy; Hanover Fire, James L. Dorris; Home (not yet designated); Northwestern Mutual, Geoffrey Christian; Old Dominion Fire, English Showalter; Security, S. H. Swart, and Virginia F.&M., M. W. Slawson.

William C. Noell of Mutual Fire of District of Columbia was named chairman of the executive committee and Richard B. Leary of Great American was named vice-chairman.

Other members of the executive committee are: James R. Callan of North British, E. J. English of Northern Assurance, E. Bruce Fraley of Agricultural, Stuart K. Frayser of Springfield F.&M., Guy R. Friddell of Hartford Fire, S. L. Lucas of Providence Washington and Louis Rueger Jr. of London & Lancashire.

L. O. Freeman Jr. was elected manager; E. D. Sommers was named assistant manager, and C. L. Puryear was named rating superintendent.

## Kentucky Agents Assn. to Hold School at Lexington

Kentucky Assn. of Insurance Agents in co-operation with University of Kentucky will hold an insurance school at Lexington, June 25-27.

Oscar Beling, Royal-Liverpool group; John Cosgrove, American; William W. Haynes, University of Kentucky; Martin W. Boedeker, Royal Exchange, and H. C. Pfenninger, Sun, will discuss agency management, salesmanship, advertising, survey selling, public relations and other subjects of interest to members.

## N.D. Agents to Meet Oct. 16

North Dakota Assn. of Insurance Agents will hold its annual convention, Oct. 16, at the Eagles Club, Bismarck, N. D.

## Miss. Agents Are Holding Convention

About 500 agents and guests are attending the annual convention of Mississippi Assn. of Insurance Agents this week at Edgewater park. Clant M. Seay, manager of the association, is in charge of convention arrangements.

There is a directors meeting Thursday and a seafood jamboree with entertainment and dancing Thursday evening. President B. Havard Jr. of Gulfport will open the convention Friday, June 15.

On the program are Commissioner Davis, George S. Hanson, general counsel of NAIA, who will speak on current agency problems, and George A. Conner, vice-president of Fidelity & Deposit, on Dishonesty Defies Discovery.

Also, Robert McFarland Jr. of Atlanta, assistant secretary of Southeastern Underwriters Assn. will discuss the advertising program of National Board, Fred L. Hetzler of Centerville, member of the Mississippi legislature, Legislation, Present and Future, and Frank R. Reilly of Afco, on improved premium financing methods.

A feature of the convention again this year is the annual convention of the Mississippi Assn. of Junior Insurance Agents. Convention delegates bring their children to the meeting and get a special program which includes supervised play. About 70 juniors are attending. This event is sponsored by Boston group.

## Safford Gets Phoenix of London Bond Post

Phoenix of London group has appointed Daniel Safford Jr. manager of the fidelity and surety department at Philadelphia, under direction of H. F. Still, vice-president. Mr. Safford has been at the home office as underwriter in the bond department.

## Hear Sargent at Tacoma

H. P. Sargent of Seattle, state national director of Washington Assn. of Insurance Agents, addressed Pierce County Insurance Assn. meeting at Tacoma. He reported on the midyear meeting of the National Board of State Directors of NAIA in Hartford.

Insurance Women of Columbia, S. C., have elected Mrs. Faith Woodin president to succeed Mrs. Jean Moorman. Mrs. Ethel Kohler vice-president, Mrs. Peggy Hopson secretary and Mrs. Esther King treasurer.



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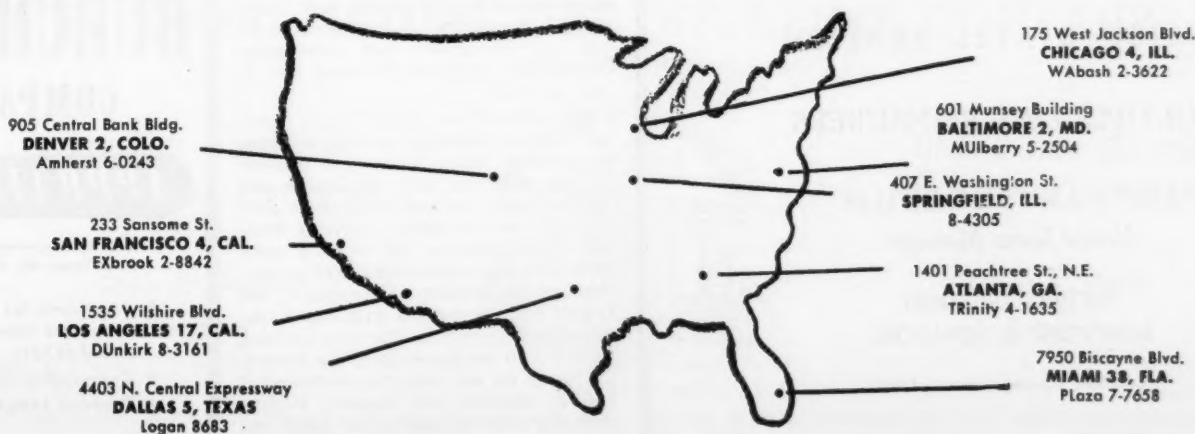
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### Defends Private Insurance for Public Properties

(CONTINUED FROM PAGE 15)

structure and its contents were damaged to the extent of \$5,271,993. The fund paid only \$175,000. The remainder was appropriated from general tax revenues. Following on the heels of this debacle was the riot and fire at the Jackson state prison. The loss was \$1,483,970, but the fund paid only \$400,000. Here we have a state insurance plan nearly 40 years old which contributed only \$575,000 to two disasters totaling in excess of \$7 million. The fund would have fallen far short even if it had been used in its entirety. The taxpayers, of course, will eventually pay the rest, a sum which would have purchased private insurance for all of Michigan's public properties for many years."

Mr. Dithmer said another fact in favor of private insurance is the efficiency and economy in business which stems from competition. "But competition is absent in a state monopoly," he pointed out, "as is shown by the workmen's compensation state fund in Ohio. Although it is estimated that private insurance companies would charge the same premium or even less, an injured workman in Ohio had to wait an average of 67 days in 1954 before he received his first compensation check. In contrast, nearly 90% of all compensable claims throughout the rest of the country are paid by private insurers within 18 days of the injury. Accident prevention has apparently bogged down, too. Lacking the services of the skilled engineers provided by private insurance, Ohio industry suffers an estimated 2.25 times higher frequency of injuries than that of neighboring states."

This indicates, Mr. Dithmer said, that when government attempts to duplicate the efforts of a seasoned business, it cannot expect to do it successfully.

"There are claims by the exponents of governmental operation that under this method, many goods and services can be produced more economically. But the Hoover commission points out that such facilities pay no taxes or interest on invested capital. Frequently, too, they do not count all their employees. In essence, it is often a "lemonade stand" affair. As long as mother furnishes the lemons, sugar, ice and glasses, a youngster can make a high profit at a low price.

Mr. Dithmer called the proposal for a state fund in Indiana a "part and parcel of creeping socialism. No one questions that it is our system of free economy which has made this country the greatest in all history. And no one has yet proved that government duplication of private business can do half as well."

He criticized the *School Board Journal* for advocating another advance in socialism. "But it is not just because of this principle that we resent and will resist any further invasion by government into the field of private business. Our industry has done a commendable job of providing safe protection for the schools of Indiana at the lowest cost compatible with sound underwriting principles. We have nothing to hide and we stand upon our record. Certainly no one who has reviewed it can in fairness and honesty believe that the state or any other body can excel it," he concluded.

### Mutual Companies Change Date of National Meet

National Assn. of Mutual Insurance Companies has changed the dates for its annual convention to Oct. 14-17. The convention will be held at the Sheraton-Gibson hotel, Cincinnati.

The theme of the convention is "Meeting Today's Needs."

Other mutual groups which will meet at the same time are Federation of Mutual Fire Insurance Companies, Advertising-Sales Conference, Transportation Insurance Rating Bureau and National Federation of Grange Mutual Insurance Companies.

### MacDonald & Co. Bowling Champs

D. K. MacDonald & Co. won the Seattle Insurance Brokers Bowling tournament play-off, defeating teams of Marsh & McLennan and LaBow, Haynes Co., the latter being the winner of the 1955 play-off.

Fire Association has moved its Los Angeles office to 3325 Wilshire boulevard building. Resident Manager George J. Simpson is in charge of the company's southern California operations.

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## Fire, Casualty Losses Boom in First 4 Months

(CONTINUED FROM PAGE 1)

the middle of 1955. There was some indication that this trend upward might slow down in the second quarter, but reports on actual experience vary, and it is too early to tell whether there is even a chance of much improvement in the second quarter over the first quarter for the major casualty lines.

The reinsurers, particularly the fire companies, are beginning to feel the pressure from increased commissions paid by some primary companies, and the expenses of some of the reinsurers have gone up, largely for this reason. This, added to the climbing loss ratios, makes showings of the fire reinsurers for the early months of 1956 noticeably worse than for the same period of 1955.

There seems to be no simple explanation of why the loss ratios on so many lines have mounted this year. Perhaps a number of factors are playing their part. One observer believes that the loss ratio level in the fire and allied fields has been below "normal" for several years. Another points out that experience of the companies in the past reflects a certain amount of loss heaving by cycle. In the third party liability field, the insurers believe they are feeling the effects of an inflationary surge which began in 1955, effects multiplied by a larger automobile population. After all, this promises to be the worst year of all for traffic accidents.

In the area of direct damages, the broadening of coverages, executives believe, has added losses to the total. In conjunction with this, of course, fire rates have been going down consistently for several years. The sharpness of competition has tended to cut the dollars of premium on those lines on which the price is subject to negotiation. California easily wins the prize in this respect, in the opinion of most executives. Competition is fierce all along the coast, but in California, with its particular kind of regulatory law, the competition has reached impressive intensity. One description of it is "jungle underwriting." Both coverage and rate apparently come under heavy hammering with frequency.

Many executives believe the trend toward packaging coverages is a good one; it is a fine program and represents progress in the kind of product delivered to the public. But several men have pointed out that in the jockeying, companies which do not compete on a price basis are putting

themselves in the position of competing with price companies. However, the latter selects risks with great care. Thus the conference companies, in the view of some, are competing on price while still geared to take risks which the off-tariff insurers do not regard as acceptable.

Yet realists among company executives believe there will be more red ink spilled before prices firm up and before the attitude of insurers and particularly the thinking of commissioners is altered. There still is, these observers point out, a discouraging reluctance on the part of commissioners toward any rate changes which are not downward.

Unquestionably the steady broadening of coverage for many years is producing losses which formerly would not have ended up in insurer loss payments. Unquestionably also the broadening of coverage and the sales of such insurance largely on the argument of a more protective product has made the public more claim conscious. Then, too, it is not new for the business to have difficulty getting rate increases. It is an in-built feature of the business. Yet those interested in the welfare of the business believe it is time to hold against more decreases that are not justified and get increases in time to prevent real harm to the business.

Expenses continue to go up. One expense that has increased is commissions, but there are others, and insurers must maintain their competitive relationship with other businesses in paying personnel if the business is to maintain its position and keep the good employees and compete for the additional ones that are needed. They are more badly needed today than ever.

The decrease in market values of stock has not helped any. Some of the market loss experienced in the early part of the year was recovered toward the end of May, but most of the increases in surplus that companies were able to achieve in the first quarter as a result of the rise of market values now is gone.

### Opposes D. C. Taxicab Bill

Amalgamated Casualty, opposing a bill in Congress to limit the number of taxicabs in District of Columbia, is urging an amendment to permit transfer of taxicab drivers' licenses and to allow drivers to buy new cabs.

Jack Dolton, president of the company, said the bill as it stands would favor big taxi companies over the

small companies and independent drivers. The company insures more than 6,000 taxicabs in the capitol, more than any other company.

### N. Y. CPCU Names Education Unit

New York chapter of CPCU has appointed Frank S. Clowney Jr. of R. C. Rathbone & Son, brokers, chairman of the educational committee. Others on the committee are Francis E. Gaffney of Aetna Fire, Melvin A. Holmes of Frank B. Hall & Co., William R. Jackson of Royal-Liverpool and Edward A. Siegenthaler of Security-Connecticut. The committee assists Insurance Society of New York with CPCU courses.

Warren R. Elsey has been named vice-president, purchases, stores and insurance of the Pennsylvania Railroad. He succeeds John C. White who retired after 44 years with the company.

### National of Hartford Advances Mahon in N. J.

National of Hartford has appointed William R. Mahon supervising adjuster at the Newark, N. J., service office. He joined the company in 1951 as an adjuster and went to Newark in 1953.

### Aetna Makes Auditor Changes

Franklin E. Provost, with Aetna Life companies for 38 years and auditor for the last five, has retired. Dudley R. Douglas, with the companies since 1927 and associate auditor since February, has been named auditor. William S. Rodgers, with the companies since 1942, has been appointed assistant auditor.

The Los Angeles service office of National Union group has moved to 642 South Oxford avenue. William F. Bauermeister is manager.



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The public's expectation of convenience and efficiency in every phase of home and business life now is influencing the insurance business. To meet this situation, progressive companies are offering various "package" style policies which embrace protection against both Fire and Casualty perils which threaten the homeowners' security.

This trend is leading insurers to look to one agent of one company or group of companies, to handle all of their insurance needs. It is of utmost importance therefore for agents to represent Fire and Casualty companies that are prepared to issue the new "package" policies the public is demanding. The companies of the Commercial Union—Ocean Group are writing these policies now.

The "One Policy with One Premium" way to buy related insurance protection is more economical than numerous separate policies and your clients will find that arranging loss settlements is simpler and more satisfactory when their interests are handled by One Agent of One Group of Companies.

Keeping abreast of the public's changing insurance buying habits and providing the latest style policies it wants, is another example of the Commercial Union—Ocean Group's policy of "Endorsing the Local Agent by Acts and Services."

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## Tells How to Get Commercial Risks

Methods of soliciting, selling, servicing and retaining commercial accounts were explained to North Carolina Assn. of Insurance Agents at its annual convention in Pinehurst by Archie M. Slawsby of Nashua, N.H., executive committee member of NAIA.

If possible, his agency avoids cold canvass in seeking commercial business, he said. The approach is on a professional level and the campaign is mapped in advance. Accountants and attorneys are prime centers of influence, and many commercial firms are reached through them. The confidence of the prospect can be won by a survey.

A careful inventory of existing exposures and present insurance is the cornerstone of a survey, Mr. Slawsby said. If the risk is complicated, has many locations, or uses involved processes, the agency engineer makes a complete physical survey to determine rates, classifications and valuations. Then the agency picks out the weakest spot in the prospect's program and prepares its sales presentation for a single field of coverage.

In one case Mr. Slawsby was invited to see a manufacturer by the latter's accountant. The manufacturer was disappointed in his treatment at the hands of an adjuster.

On first interview, Mr. Slawsby made an inventory of policies, looked at the plant, and gave the prospect a list of his insurers. After looking at the policies, Mr. Slawsby decided that the fire and allied lines were not the manufacturer's weakest spot since they were written at half the board fire rates.

The manufacturer had a 10/20 limit M&C, he had no property damage liability, no elevator coverage on the two elevators and no products liability, and no sprinkler leakage liability. He had a water damage legal liability policy for \$5,000.

Obviously, Mr. Slawsby said, the manufacturer needed PDL, sprinkler leakage liability, products and elevator with high limits.

He decided to recommend \$250,000/\$1 million with \$200,000 PDL, products liability with a vendor's clause, elevator coverage including collision and contractual liability, \$50,000 sprin-

kler leakage and \$50,000 water damage liability.

On his second call there was no discussion of the cost of the coverages, but he suggested the manufacturer write his insurers and ask them for a three year quotation for the \$50,000 WD and \$50,000 sprinkler leakage.

Mr. Slawsby rated the whole risk at 25% off manual and included sprinkler and WD. The elevators were discounted at 12½%, under the 50% rule.

When he returned to the prospect, he made a show of adding the quotations from the direct writer and the reciprocal to the manufacturer's present premium to show that his own quotation was 40% less.

The difference was that the reciprocal was using the regular water damage manual rates and Mr. Slawsby used casualty rates. Those rates and the experience rating plan for which the risk was eligible made his cost comparison.

He got all the manufacturer's business including workmen's compensation, the latter because the direct writer salesman was angry at losing the liability.

He also explained how his agency obtained smaller accounts. One success began with an invitation to discuss a personal property floater with a wealthy widow. The usual inventory was made including a survey and a list of present policies. His agency sold a PPF on which coverage was more than \$90,000. For less than \$1,400, individual policies which cost \$2,200 for three years were replaced. This was the first time he had seen residence burglary policies totaling \$30,000 on a single dwelling. At the same time the agency picked up renewals covering two dwellings and some investment property in two other states.

Another case involved a liability exposure under several liability policies. There was a paper bag full of casualty contracts covering five mercantile buildings, which were held jointly by a husband and wife. Two of the structures were occupied by a corporation, owned by the man and wife, which sold hardware and plumbing on a wholesale and retail basis. Among the contracts were a 10/20 comprehensive general liability policy on the mercantile buildings, a 25/50 CGL covering the two buildings occupied by the hardware firm, a 5/10 products liability policy, two 10/20 OL&T policies covering separate buildings, and a certificate of insurance issued by the insurer of a major oil company which occupied the fifth building as a service station. The limits under the certificate were high enough, but the certificate named only the tenant as insured.

These policies were written in three companies.

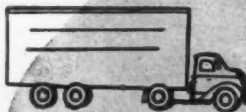
When his agency got hold of the cover it combined the coverage into one contract with BI and PDL limits of 100/300/50, and it included WD legal liability on one building with multiple tenants. All this was done for less money than the bag full of policies, he said.

He advised agents to become acquainted with the broadest coverages available, such as storekeeper's liability, money and securities, and combination policies. These can be held up as all-inclusive compared to other contracts.

If an employer loses \$5,000 because the clerk who is taking the deposit to the bank has his pocket picked and the employer finds out that under the outside robbery policy he has no coverage, the difference in premium is inconsequential, he said.



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## U.S.F.&G. Stages Casualty Refresher for N.Y.C. Brokers

The New York office of U.S.F.&G. sponsored a one-day seminar for about 225 of its New York City producers on recent changes in casualty coverages in New York. The program was one of six being staged by the company in the metropolitan and upstate New York areas and included discussions on changes in burglary, automobile and compensation and liability policies. Similar seminars last year covered the new dwelling forms.

Instructors in the current series are William Jones, superintendent of burglary and glass and New York office manager; John Pendergast, superintendent of liability and compensation, and Harold George, superintendent of the automobile department. Other speakers included George F. Avery, vice-president in charge of the New York office; Kenneth Edgar, general superintendent of casualty; and Arthur Hand, bonding superintendent. William Keller, superintendent of agency and development, was moderator.

Mr. Jones, conceding that package forms eventually will be the ideal, commented that, at the present time and in some instances, individual burglary insurance offers broader coverage. He urged brokers to study carefully the changes in the broad form personal theft policy. This is practically brand new in scope and contains very few loopholes, he said. The mysterious disappearance classification has been discarded and the policy now covers any act of stealing or mysterious disappearance. The new form automatically covers insured completely when he transfers location, compared with the old form which gave him only 30 days.

Technicalities in theft from unattended automobiles have been done away with. Cars now are covered whether attended or not and whether locked or not. The new policy also covers goods transported by a hired carrier, not previously covered.

Coverages are world wide now as opposed to the previous western hemisphere restriction. In Mr. Jones' opinion, the cover also applies to servicemen overseas in any part of the world and to children or members of a family who are away from home in school dormitories and camps.

Mr. Jones also explained that the broader small storekeepers burglary and theft policy now covers up to \$50 for the theft of petty cash and has no coinsurance requirements. The glass policy, growing in popularity with modern construction techniques, has been standardized and excludes only fire and war. Flood damage is not excluded, he pointed out.

He stressed the importance of the new valuable papers policy and said its coverage is based on the fire rate and not on the burglary rate. He added that the New York insurance department is covered by the company with a valuable papers policy.

Mr. Pendergast said the comprehensive personal liability form has been standardized by all stock companies, which makes it easier for brokers and agents to sell and handle and prevents misinterpretations by the courts.

He pointed out that the storekeepers' liability policy now includes a \$10,000 limit on bodily injury, \$2,000 medical benefits in addition to contractual and protective liability clauses. Rates have come down 11% since a year ago, and

he said this should remove price as a deterrent to the sale of the storekeepers' form.

All operations of insured now are included in the new workmen's compensation policy, Mr. Pendergast pointed out. A total of 44 states have already approved the form which includes three-year fixed rate programs where annual premiums are less than \$100,000. The New York department is still working out technical difficulties before giving its okay, and the policy is still before a governor's committee in New Jersey.

Mr. George, in discussing the new standard auto form, pointed out that the company will not automatically suspend medical payments coverage during a suspension period of the policy. Cost of bail bonds has been revised, and he said U.S.F.&G. issues each insured an identification card so that a bond may be executed by any company representative up to \$100.

Mr. Avery, speaking at the end of the luncheon, predicted continuing company growth through the efforts of present producers and said the company stands behind its producers with all its resources. He remarked that the company has no fear of direct writers and mutuals so long as its producers continue their current efforts and service.

Mr. Edgar said the company is attempting to develop professionalism in the producer field with its educational programs and modern underwriting concepts. He said the company will not permit part time agents or brokers to represent it. He called on producers to be discriminating in their business and said the company will constantly try to improve the quality of its service.

Mr. Hand urged brokers to take advantage of selling opportunities in the bonding field and called the 3-D package form one of the broker's best aids.

Theodore Smith, superintendent of the renewal department, called on producers to speed the company's service to them by providing sufficient information in letters concerning renewals, etc.

### Gay & Taylor Opens N. C. Office

Gay & Taylor, general adjusters, have opened a new branch claims office at Lenoir, N. C., and have named H. J. Bagley Jr. in charge. It is the firm's ninth office in the state.

## MAXIMUM TAKE HOME PAY

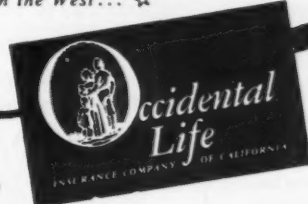
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## What Electronic Devices Can Do

(CONTINUED FROM PAGE 5)

of National Cash Register bookkeeping machines is also of interest.

Another area for exploration is that of the use of high speed punched card printers. Mr. Byerly said he has the feeling that many companies which have decided to acquire a computer should have considered the fact that computers do nothing to reduce the problem of printing premium notices and other similar high volume printing jobs. This is a job for a high speed printer.

The use of a "common language" perforated paper tape, whereby information is recorded but once and afterwards used to activate other devices has taken the fancy of everyone in systems work. The insurance business, Mr. Byerly believes, has not kept pace with other industries in this connection.

Several companies are using the Flexowriter made by Commercial Controls Corp. to write policies and process the by-product tape through a tape-to-card converter to produce the

required punched cards automatically. He said he knows of no insurance company with a well-integrated perforated tape system, but the opportunity is there.

Often use of service bureau punch card facilities is indicated. Many smaller companies use punch card installations unwarranted by the volume of business. The many excellent service bureau facilities maintained by manufacturers and consulting and statistical agencies offer significant attractions. There may be certain drawbacks to service bureau processing in some cases, so that the same economic analysis and planning and understanding of problems must precede a decision to use them, he said.

For companies which cannot yet have their own electro-mechanical accounting systems, these arrangements offer opportunity to achieve the advantages without the cost. For those companies which have serious peak load problems, it may be more economical to use service bureaus than to ob-

tain additional equipment and operators for periodic peaks.

A special purpose computer which is specifically designed to fulfill a particular need or to solve a particular problem is also useful to the insurer which does not need a complete electronic data processing machine. Among these are the Cleveite-Brush Tape Drum, the ElectroData bin storage system, IBM's disc storage device, and other developments in the area of storage on photographic film.

There are also a number of small computers which have not been given serious analysis by insurance companies, generally speaking. Some of these are the Readix, the Alwac, the Miniac, and the Burroughs E-101. While small computers have definite limitations, usually in speed, or input-output devices, the economic advantages could be quite significant if they are properly understood and evaluated.

At the panel on multiple peril policies, of which L. H. Longley-Cook of North America was chairman, speakers were R. D. Clancy of Liberty Mutual, Wallace Damon Jr. of Atlantic Mutual and Roy C. McCullough of Multiple Peril Insurance Rating Organization. The discussion covered premium taxes, reinsurance, and other problems.

The current writings of homeowners are growing so swiftly, the volume ought to reach \$150 million this year, Mr. McCullough said. Companies which belong to Empiro wrote a little less than \$1 million in premiums in 1953, \$9 million in 1954, and \$43½ million in 1955, he said. Business-wide figures for the same years were \$3 million, \$16 to \$17 million, and in 1955 \$75 to \$80 million.

Empiro believes the single premium approach is best for some policies, he said. Of course, the indivisible premium has raised problems in reporting in the annual statement, in the expense exhibit and in production figures, but these either have been or are being worked out. For instance, he said, in Ohio fire companies are taxed one-half of 1% of fire premiums for the fire marshal's office; Empiro suggested allocation of 33⅓% of homeowners' premium for the tax. When statistics are developed and it can be determined what percentage of the total losses under homeowners is caused by fire, then the amount to be taxed can be adjusted.

Beyond taxes, Empiro seeks to avoid allocating any portion of the premium to a specific peril. Even for reinsurance on wind the premium should not be divided for any particular cause of loss, he said. A division cannot be made on a national basis because of the difference in rates for many of the perils, for example the wide variance between extended coverage rates in California and New England.

The mercantile block policy will not raise the problem of divisible or indivisible premiums Mr. Clancy be-

lieves because it is a divisible form. He said Liberty Mutual has not yet started writing mercantile block but will begin to do so shortly.

It is pretty certain that the companies won't expose themselves to catastrophe on individual risks, but most reinsurers will probably not object to writing quota share or excess of loss reinsurance on multiple peril policies, Mr. Damon said.

How does installment payment for multiple peril policies work when they are reinsured, Mr. Damon was asked. He said that would depend on the company, but some companies are paid the reinsurance premium as the installment premiums are paid to the primary company.

Mr. Longley-Cook suggested that if any independent companies were to determine a percentage of the dwelling policy for fire premium tax purposes it ought to consult with Empiro to ascertain what allocation was being made by Empiro so that the amounts would not differ too much.

Owen A. Higgott, comptroller of Public Service Mutual, discussed the handling of investment accounting by punch cards with IBM accounting machines and electronic calculators. He said the procedures can be extended to account for mortgages and real estate investments. Bond investment accounting by machines produces annual and monthly reports, location of bonds, average yield, tabulations by state, utility or type of industry, market value and accrued interest, among other items of information.

Harry H. Richy, Paul Cherry and Richard D. Arnott of Nationwide described improvements in the expense and payroll accounting system through use of the IBM 650. Mr. Cherry said the 650 has reduced processing of quarterly reports by two work days. Machine operating personnel has been reduced by one, one 523 summary punch has been eliminated, and the power on, power off time of the 604 calculating punch has been lowered by 50%.

Mr. Arnott said that on payroll tabulation the 650, has eliminated two clerks, and reduced 604 rental by 50%. In the credit union operation, the machine has eliminated two additional clerks, two posting machines, need for 200 square feet of floor space and has added 4.72 hours of 650 time. Dollar savings alone in the latter operating total \$676. The machine also saves time, provides greater accuracy, levels off peak work loads and provides earlier completion dates.

Harry C. Andrews of Detroit Automobile Exchange explained how his organization writes original and renewal documents with tabulating equipment. To conserve space on the declaration form the make of car was reduced five letters, the motor number was eliminated, the serial number was reduced to the last five digits, new or used car designations were abbreviated, cost was eliminated and the owner's occupation was symbolized. More than 1,250,000 declarations have been written on the tabulating machines since they were installed in 1952. Currently the tabulating department writes 95% of the policies. The remaining 5%, which need special handling, are prepared in the underwriting department. Previously the underwriting department handled all declarations.

Keith H. Smith and Nicholas Burns of Liberty Mutual said the use of punch cards for checks and drafts enables automatic computation in paying and drafting and allows automatic proving. The machine can sort checks at the rate of 4,000 per hour.

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## Schultze Named Head of D. C. Managers

George P. Schultze of Home has been elected president of Insurance Managers Assn. of D. C. to succeed William A. Boone of Aetna Casualty.

William M. Kroll of Fidelity & Deposit was elected vice-president and Howard M. Starling of Assn. of Casualty & Surety Companies was re-elected secretary-treasurer.

Executive committee members are Harold W. Osterlund of Travelers, Francis E. Pastor of National Surety, Charles R. Silhavy of National Union and Moylan E. Smith of North America.

## Two Named to N.Y. Agents Study Group

C. Fred Ritter of Middletown, president of New York State Assn. of Insurance Agents, has appointed Robert J. Grab of Rochester and Herbert S. Brewer of Lockport to the association's study committee.

Joseph A. Neumann of Jamaica, past president of NAIA, was reappointed chairman of the committee which studies and suggests improvements of association operations and administration.

## S. C. Agents Change Meeting Date

South Carolina Assn. of Insurance Agents has changed the date of its annual convention at Myrtle Beach, S. C., from Oct. 18-19 to Oct. 19-20.

## New Columbus Trustees

Insurance Board of Columbus has elected as new trustees William Kientz, the president; Charles Schaefer; Orland Ross, and M. P. Gallagher.

## NEWS BRIEFS

New Orleans Insurance Exchange presented a plaque to Sgt. Joseph A. Rohr of the New Orleans motorcycle platoon for his outstanding record in traffic safety during the 21 years he has been on the police force.

Making the presentation were Thomas Q. Winkler, president of the exchange, Irving W. Jacobs, chairman of the safety committee, Victor H. Shiro, a local agent who is also a city councilman, and Richard P. Ellis, a member of the safety committee.

Atlantic Mutual has elected Herriot Small, vice-president of the group's Pacific division, a trustee of Atlantic Mutual and a director of Centennial. He is past president of Board of Marine Underwriters of San Francisco and of Assn. of Marine Underwriters of San Francisco.

John E. Swock has been elected general manager and controller of Schiff, Terhune & Co., New York brokerage firm. He was formerly with Royal-Liverpool group and New York insurance department. Angel D. Fois and Frank J. Castaldi were promoted to account executives.

O. J. Vanhorn and O. Wesley Nail formerly with Cadwallader and VanHorn, have formed the VanHorn and Nail agency, with offices at 101 Lexington avenue, San Antonio.

The Asheville, N. C., local agency of Green & Goodman is celebrating its 45th anniversary. A. C. Goodman, one of the original founders of the agency in 1911, is still its active president.

Stewart E. Wentworth, recently celebrated his 20th anniversary as an independent adjuster at Rock Island, Ill. Mr. Wentworth also owns North Central Adjusting Co. at Rockford, Ill., which is managed by his son, Thomas.

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## Occupational Disease Big Field for WC Awards, Stone Tells Self Insurers

The broad application of the substantial evidence rule during the past year in workmen's compensation cases in New York has led to a slight, but evident, tightening of the requirements for proof of a claim, Solon J. Stone of Kenefick, Bass, Letchworth, Baldy & Phillips, Buffalo law firm, told Self-Insurers' Assn. at its annual meeting in New York City. He said he does not think it is quite so easy today as it formerly was for a claimant to establish his case, though the courts are as liberal as they possibly can be in their interpretation of the law.

He also thinks that New York Workmen's Compensation Board has decided that the big field for the making of awards is in occupational disease, rather than in accidents, and that the courts have given the board the go sign in this regard. The definition of "accident" may be tightened up, but

at the same time it may be easier to obtain an award in a case in which there was no accident than it was a few years ago.

The case of Lesnik vs National Carloading Corp. presents the opportunity for a new start on the definition of "accident," he feels. In this case the claimant was vice-president of the firm. He suffered a heart attack while attending a horse race in California. He was awarded compensation by the WC board, but the appellate court reversed the board's finding. The theory of accident upon which the board based the award was that the claimant, before going to the race track, had been following an unusually active schedule of work in an effort to build up revenues with which he was especially concerned and which had been falling off. The claimant was worn down by this continued effort and suffered the

heart attack as a result.

The decision of the appellate division of the New York court was divided three for reversal and two against. The case has been presented to the appeals court. If the majority opinion is affirmed, Mr. Stone believes it will represent a plateau from which defense representatives can work with some certainty on the subject of what constitutes an accident.

The majority opinion specifically states that the injuries rose out of, and in the course of, employment, he said. However, the majority was unable to find that an accident had occurred and reversed the decision and dismissed the claim.

In reversing, the majority stated that no eventful happening had been demonstrated to have caused the injury; that the injury's only connection with the work was a gradual physical deterioration over a period of time. It is settled, the majority said, that this kind of physical deterioration is not accidental in the sense of the WC law.

It was admitted that in the development of the theory of industrial accidents in heart cases, a policy of marked liberality has been followed but the majority held that such cases require an external event in connection with the work.

The dissenting opinion, which may become the controlling opinion in the event of a reversal by the court of appeals, was that since there was proof that the claimant was under unusual mental and physical strain and had been for a period of months, and since there was proof that this effort and strain brought on the heart attack, it was merely fortuitous that the actual blow fell when he was at a race track.

In another decision on the subject of "accident," Meyer vs Hollander & Son, the WC board had ruled that the claimant, who had sustained a previous injury, had another accident caused by aggravation of a pre-existing physical condition in the course of his unusual work of shovelling coal. The appellate court held that, on such proof, the aggravation of the previous condition can be treated either as a natural result of the first injury or as an occupational disease, but that it cannot be treated as a new accident because no unusual physical event attributable to the work caused the condition.

The decision, if it is affirmed by the appeals court, will have more far reaching effects than any in recent years, in Mr. Stone's opinion. It opens the door for a large new field of liability and places upon the employer the burden of weeding out his physically defective employees.

In this case, Detenbeck vs General Motors, the claimant was found disabled by the occupational disease of back strain with nerve root irritation of the back with pain and numbness of the left leg and foot, due to his occupation as salvage inspector at an automobile plant. The plant physician testified that backaches never occur to normal men on the job of salvage inspector without an accident. Four other physicians testified similarly. However, they said, the disability occurred to this claimant because of a pre-existing congenital defect in his back.

The appellate division affirmed the award and stated that all employees who had the same weakness would in all probability be similarly affected, which is sufficient to bring the condition within the classification of an occupational disease.

Mr. Stone gleams from this that the

appellate division believes that it is no longer necessary for a claimant with a pre-existing condition to establish that the condition from which he suffers is one commonly inherent in and concomitant to the work from which the condition derives. Thus, he said, the appellate division shifts the emphasis in determining occupational disease from the nature of the job to the nature of the employee.

The idea that the employer may be subjected to the payment of compensation to an employee who suffers a disease because of a pre-existing condition so long as the job in some manner contributes to the end result brings hidden liability which reaches as far as the imagination extends, Mr. Stone said. It could be that this liability would extend even to heart cases.

In the past year there have been indications of further broadening of the basis of award that an injury must not only arise out of the employment, but occur in the course of employment. The furthest advance was made by the court of appeals in *Doca vs Federal Stevedoring Co.* The decision was that a man who had completed his day's work and left his employer's property and thereafter was injured by a machine owned and operated by his employer had sustained accidental injuries in the course of his employment.

The *Doca* case seems to represent a broadening of the base of what constitutes "in the course of employment." However, within a month after the *Doca* case had been decided, the appeals court reversed the decision of the appellate division in a case in which the claimant had been injured in a fall on the street during her lunch period while she was away from her employer's premises. The court held that there was no proof that the sidewalk on which the claimant fell was part of the premises of her employer.

The courts also continue to make awards to employees on business trips who are injured while engaged in pursuits for pleasure, Mr. Stone said. The appellate division reversed and remitted a decision of the WC board which refused compensation to the widow of a New York City tax consultant, who was drowned on a pleasure boat trip he had taken out of Miami after completion of his business there but before it was time for him to return to New York.

Suicide and intoxication are seldom available as defenses, but when they are it seems that the cases are always of extreme importance to the litigants, Mr. Stone said. It is practically impossible to establish either, he believes. However, in one case, during the past year, intoxication was accepted as a defense.

The appeals court reversed a decision of the appellate division to the effect that a decedent had committed suicide. It held, four to three, that the presumption against suicide had not been overcome by the coroner's certificate listing suicide as a cause of death and by the expert opinion of an engineer that a person of the decedent's height could not accidentally fall in the manner in which he had fallen and that the proof of motivation, because of matrimonial difficulties and a moody and uncommunicative attitude, was insufficient.

The substantial evidence rule appears to be firmly established as a part of the WC law, Mr. Stone said. Of the many cases in which the question arose, a comparatively small percentage resulted in reversal of the findings of the board.



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## Hold Harmless Forms, Fire Excess Cover Studied

(CONTINUED FROM PAGE 7)

the additional premium is ordinarily much less than what the cost of two policies would be.

Overlaps of coverage also are common between WC policies and hold harmless agreements, Mr. Foster pointed out. Even the simple agreement wherein the indemnitor holds himself responsible only for his own negligence can be a costly duplication of coverage. These costs, directly or indirectly, flow into the channels of industry. They cannot be escaped though initially it might appear that it is the contractor and not the industry who is paying the bills.

Furthermore, Mr. Foster charged, provisions in a hold harmless agreement relating to the sole negligence of the indemnitee at times approach the unconscionable. The sole negligence of the indemnitee has no part in a contractual liability agreement, he asserted, and there is good question whether it is ethical. Why should it not be against public policy for people to place liabilities arising out of their sole negligence on the shoulders of others who are innocent in the matter? he asked. It seems to run counter to the long-standing principle of English common law, which means that each tortfeasor must bear his own burdens on his own shoulders.

Courts often disagree on the meaning and effect of indemnity agreements. Several of the speakers urged that an effort be made to arrive at a wording that would be generally understood. Such standardization of phraseology as exists, Mr. Faude pointed out, stems largely from the use of the standard general conditions of American Institute of Architects in the field of building construction; from the National Industrial Traffic League type of agreement in the field of sidetrack liability; from the copying of competitors, particularly as to the language of purchasers; and from the use of legal form books, frequently with wholly insufficient discrimination—a factor which is chiefly responsible for contractual liability amounting to a problem, he stated.

Hold harmless agreements often are undertaken rather casually, without real understanding of what is involved, Mr. Crowley pointed out. When this occurs reactions are often: That was not what was intended, but it is the standard form, hadn't realized it was in the agreement, or didn't pay much attention to it.

He recommended that insured make sure that the true intent of both parties is ascertained. And once this understanding of intent and language is reached, it should be communicated to all parties and all levels of supervision that are involved, he said.

Industry should at least explore the

possibility of a universal understanding of the hold harmless clause, Mr. Benjamin said. Wording ought to be developed which cannot be misunderstood by either party, and the insurance business ought to be told just what insured expects in the way of protection. If the interested parties would attempt to meet on the common ground of mutual understanding, a great deal of misconception could be removed. With a universal understanding of the meaning and scope of the clause, it should be relatively simple for lawyers to draft a clause which will be understandable to insured, the courts, and the insurer. Since the problem is universal, the solution likewise ought to be universal, he stated.

Most important of all, according to Mr. Crowley, is prevention of loss. If the owner establishes an effective loss prevention program, works at it to keep it effective and requires contractors, sub-contractors, invitees, etc., to comply fully with the procedures, rules, and regulations, many of the sources of loss and claims can be eliminated. In the final analysis, prime interest should be in loss-free operations and secondarily in who is responsible.

Dr. H. W. Snider, associate professor of insurance at Illinois Wesleyan university, said that if risk management is to become a profession, those who are now professionals must show the way. Those who have reached professional status have done so largely by trial and experience. It is up to them to make the knowledge they have acquired available to others to develop the over-all program that is necessary to make risk management a profession.

Dr. Snider said there is no college of business administration that offers a major in risk management and said, in fact, that he doesn't know of a single college course offered on the subject. He also said not a single textbook has been written on risk management.

He called on risk managers to write for journals and magazines explaining decisions, to accept leadership in seminars which develop principles and techniques to guide the activities of risk managers and to encourage colleges to develop risk management course.

Lon Varnadore, insurance manager of Weyerhaeuser Timber of Tacoma, predicted that the deductible or catastrophe fire cover plan will find increasing favor with businesses seeking to reduce exposure to loss through fire prevention.

Mr. Varnadore said that special emphasis on protection has improved risks from an operating as well as an underwriting standpoint. It has developed the attitude in management and personnel that no one gains in destructive

fires, regardless of insurance. The excess plan provides the buyer with a wider choice and enables him to concentrate his dollars where they will do the most good.

Before adopting such a plan, he cautioned buyers to consider carefully the company's financial position, the spread of risks, and loss experience and fire prevention. There should be sufficient reserves to cover that portion of the loss to be assumed. Units of exposure should be widely spread geographically or in clearly defined fire divisions at locations with sub-

stantial accumulation of values. Loss experience must reveal low frequency of loss and losses incurred must not be excessive. There must be a completely organized program of loss prevention and loss control with clear-cut authority from top management.

His company's decision to take on such a plan was based on careful evaluation of the above points and has resulted in a substantial premium savings, he said. The cost of full coverage would have been a lot greater than the costs of excess premium, losses assumed and internal administration.

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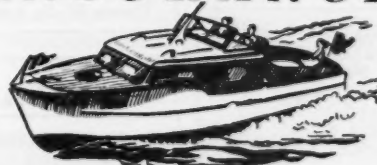
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## Compulsory, Excess and Insurer Growth

(CONTINUED FROM PAGE 17)

lines is leveling off somewhat.

On the basis of quarterly financial statements as of last Sept. 30, aggregate net premiums of stock casualty and surety companies reached \$3.3 billion for the year 1955, which was triple the figure for 1946. Net premiums of mutuals, including State Fund, reached \$1.4 billion, which is 3.6 times the 1946 figure.

Policyholders' surplus since World War II has failed to keep pace with premiums written—because of inflation, industrial activity, and financial responsibility laws. On the other hand, the report states, underwriting profits and market values and yields, while they demonstrated fairly consistent strength, failed to push surplus to policyholders upward at the same rate.

As a result, the premium writings of some individual insurers now exceed the limit regarded as conservative by the department, and the department is maintaining close watch on these figures.

Though the amount of business written by insurers authorized in New York mounted spectacularly from 1939 to 1954, the number of companies actually declined. The number of stock companies was 280 in 1939, 277 in 1944, 253 in 1949, and 251 in 1954. These figures for mutuals are 91, 79, 77, and 76.

The department licensed 127 excess lines brokers during 1955. They submitted a total of 9,474 affidavits for a premium volume of \$6,131,545 to unauthorized insurers. Of this number of risks 83% were placed in London Lloyds or other British companies, the balance in out of U. S. companies not admitted in New York.

On 1954 business, which totaled \$7-, 173,382, the breakdown by line was as follows:

Fire and allied, \$617,342; ocean marine, \$1,738; inland marine, \$350,036;

auto BI and PDL, \$83,331; auto collision and PHD, \$264,668; liability and property damage other than auto \$4,752,623; fidelity and surety, \$43,008; burglary and theft, \$121,308; workmen's compensation (retrospective penalty), \$25,708; miscellaneous casualty, \$76,556; and additional returns from policies placed on an audit basis, \$27,064.

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## State Farm Opens New Regional Office in Pa.

State Farm Mutual Auto's newest regional office was opened June 11 in Springfield, Pa. It will be the mid-Atlantic office for State Farm and its companion life and fire companies, and is the largest of the one-story office structures to be opened by the company, with an area of 61,000 square feet.

Initially the office will serve eastern Pennsylvania auto policyholders, plus New York and New Jersey, where State Farm began operations only recently. Resident Manager for State Farm Mutual is Wayne Hough, who joined the company in 1934 as a field claim adjuster. R. C. Stites is in charge of mid-Atlantic operations for State Farm Fire & Casualty.

## Ind. Farm Bureau Names Whiting

John Whiting has been appointed associate general counsel for Farm Bureau Mutual of Indiana and Hoosier Farm Bureau Life. He has been with the insurance companies since 1946, serving first in the claims division and later, in 1949, in the legal department. He was appointed assistant secretary of the life company in 1955.

Peggy Sullivan, executive assistant in the Western Insurance Information Service public relations department and editor of the organization's publication, *WIIS News*, has been elected president of California Assn. of Press Women.



## Treasury List of Bond Qualifiers Published

(CONTINUED FROM PAGE 1)

	1956	1955		1956	1955
Commercial	1,932,000	1,547,000	National Fire	5,186,000	4,600,000
Commercial Stand.	337,000	366,000	Natl. Grange Mut.	774,000	725,000
Commonwealth	731,000		Natl. Ind.	154,000	138,000
Conn. Fire	3,899,000	3,436,000	Natl. Surety	2,911,000	2,620,000
Conn. Indem.	653,000	665,000	*Natl. Re.	1,050,000	984,000
*Constellation	267,000		National Union	2,789,000	2,384,000
Continental Cas.	6,201,000	5,541,000	Natl. Union Ind.	331,000	307,000
Employers Cas.	672,000	573,000	Newark	1,288,000	1,145,000
Employers Fire	889,000	883,000	New Amst. Cas.	3,166,000	2,975,000
*Employers Liab.	3,888,000	3,328,000	New England	1,022,000	919,000
Empl. Mut. Cas. Ia.	1,118,000	1,013,000	New Hampshire	2,194,000	1,781,000
Empl. Mut. Wis.	4,424,000	3,853,000	N. A. C. & S. Re.	1,808,000	1,616,000
Employers R.	1,602,000	1,346,000	*N. A. F. & M. Re.	241,000	230,000
Equit. F. & M.	1,308,000	1,157,000	*North British	959,000	
Eureka Cas.	322,000	232,000	North River	3,947,000	3,563,000
Fmrs. Elev. Mut.	96,000	80,000	Northwest Cas.		701,000
Federal	8,604,000	7,680,000	*Ocean Acci.	1,416,000	1,242,000
Fidelity & Cas.	11,700,000	9,759,000	Ohio Cas.	1,700,000	1,500,000
Fid. & Dep.	3,962,000	3,555,000	Ohio Farmers Ind.	584,000	501,000
Fire Assn.	4,535,000	4,026,000	Old Colony	1,731,000	1,562,000
*Fireman's, N. J.	10,331,000		Pacific, T. H.	130,000	117,000
Fireman's Fund, Ind.	2,018,000	1,864,000	Pacific Empl.	824,000	614,000
Fireman's Fund	15,647,000	14,636,000	Pacific Ind.	1,906,000	1,728,000
Founders	317,000	276,000	Pacific Natl. Fire	2,276,000	1,977,000
Franklin Natl.		586,000	Peerless Cas.	1,062,000	1,025,000
Gen. Cas., Wash.	1,508,000	1,252,000	Pa. Fire	1,335,000	
General, Seattle	6,229,000	5,207,000	Phoenix, Conn.	10,970,000	9,817,000
General, Tex.	238,000	249,000	Phoenix Indem.	1,176,000	740,000
Gen. F. & C.	461,000	403,000	Planet	347,000	312,000
Gen. Reins.	3,786,000	3,426,000	Prov. Wash. Ind.	280,000	312,000
*Gen. Security	415,000		Prov. Wash.	1,414,000	1,250,000
Glens Falls	4,115,000	3,672,000	Publ. Serv. Mut.	384,000	
Glens Falls Ind.	1,743,000	1,743,000	Queen	3,264,000	2,296,000
Globe Ind.	3,360,000	3,076,000	*Reinsurance Corp.	1,627,000	1,343,000
Granite State	607,000	535,000	Reliance	845,000	726,000
Great Am. Ind.	2,789,000	2,446,000	Riverside	105,000	
*Guar. of N. A.	171,000	156,000	Royal Indem.	3,580,000	3,257,000
Hanover	2,865,000	2,139,000	*Royal	2,339,000	
Hartford Acc.	11,192,000	9,559,000	St. Paul F. & M.	9,821,000	8,318,000
Hawkeye-Security	261,000	241,000	St. Paul-Merc. Indem.	2,282,000	1,902,000
Home	24,903,000	21,675,000	*Sea	696,000	674,000
Home Indem.	2,256,000	2,005,000	Security, Conn.	1,813,000	1,301,000
Houston F. & C.	572,000	572,000	Security Mut. Cas.	845,000	
Indem. of N. A.	8,968,000	7,534,000	Security Natl.	188,000	
Industrial Ind.	678,000	664,000	Seaboard Sur.	1,302,000	1,169,000
Ins. Co. of N. A.	43,199,000	36,092,000	Springfield F. & M.	5,361,000	4,864,000
Intl. Fid.	209,000	206,000	Standard Acc.	3,290,000	3,005,000
Kan. Bankers Sur.	71,000	69,000	Standard, Okla.	180,000	
K. C. F. & M.	324,000	266,000	Standard, N. Y.	1,164,000	1,069,000
Liberty Mut.	8,237,000	6,799,000	State Auto. Mut.	1,986,000	
*London Assur.	1,392,000	1,079,000	State Fire & Cas.	88,000	
*London Guar.	1,381,000	1,253,000	Summit F. & S.	57,000	52,000
L. & L. Indem.	457,000	422,000	Sun	941,000	
Lumb. Mut. Cas.	2,700,000	2,500,000	Sun Indem.		481,000
Maine Bond.	120,000	113,000	*Swiss Re.	2,559,000	2,349,000
Mfrs. Cas.	1,109,000	1,044,000	Texas Ind.	87,000	84,000
*Marine	558,000	555,000	Traders & Gen.	301,000	287,000
Maryland Cas.	6,753,000	6,125,000	Transportation	466,000	441,000
Mass. Bonding	2,085,000	1,948,000	Transcontinental	1,584,000	558,000
Mercantile	664,000		Transit Cas.	337,000	304,000
Mech. & Traders	663,000		*Transatlantic Re.	273,000	229,000
Merchants, N. Y.	4,139,000	3,475,000	Travelers Ind.	6,500,000	5,500,000
Merchants Ind.	1,687,000	1,442,000	Trinity Univ.	1,411,000	1,198,000
Metropolitan Cas.	1,746,000	1,433,000	Tri-State	252,000	141,000
Mid Century	176,000	173,000	United Natl. Ind.		415,000
*Milwaukee	2,137,000		United Pacific	724,000	644,000
Minneapolis F. & M.	428,000		*Unity F. & G.	346,000	
Natl. Auto & Cas.	266,000	241,000	U. S. Cas.	1,131,000	1,049,000
*Natl. Ben-Franklin	813,000		U. S. Fire	6,493,000	5,871,000
National Cas.	700,000	550,000	U. S. F. & G.	12,093,000	10,828,000
			Va. Surety	129,000	110,000
			Vigilant	1,247,000	1,193,000
			West American	231,000	168,000
			Western C. & S.	1,204,000	1,039,000
			Western Fire, Kan.	656,000	542,000
			Western Sur.	295,000	256,000
			World F. & M.	841,000	752,000
			Westchester	2,833,000	3,472,000
			Yorkshire Ind.	459,000	448,000

has been designated to receive the association's annual scholarship award. The presentation will also be made at the June 21 meeting.

Mayor Gordon S. Clinton of Seattle will be the speaker at the meeting.

## Holmes Wins Renomination

Incomplete returns in the Montana primary indicate that Democratic incumbent, John J. Holmes, is the winner in his bid for renomination as state auditor and insurance commissioner on about a 4 to 1 margin. Mr. Holmes has been in office since 1932. The Republican candidate, Alex Cunningham, was nominated without opposition.

Pennsylvania General of Philadelphia has been licensed in California.

## Chappelear Retires at London &amp; Lancashire

C. W. Chappelear, secretary and assistant manager of the eastern department of London & Lancashire, will retire as of Dec. 31, 1956. He has been granted a leave of absence, effective July 1.

Mr. Chappelear spent 30 of his 35-year insurance career with London & Lancashire. He joined the company as a special agent in Ohio, was promoted to state agent, assistant secretary, secretary and assistant manager of the eastern department.

The Naes agency of Imperial, Mo., has moved into new quarters in the Hammerstein building.

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(CONTINUED FROM PAGE 1)

rates before submission and activity will probably heighten.

Several participants brought up subject of companies with independent block or dealer filings. Questions asked comparative information on standard mercantile block and independent filings. Water damage features were of particular interest.

C. K. Oakley, executive secretary of the association, with the help of Mrs. Elizabeth Kelly, assistant secretary, saw to a smooth meeting.

About 15 companies had hospitality headquarters, the field men making up a substantial portion of the audience at both educational sessions.

Seattle Students to Receive  
Certificates June 21

Thirty-seven students who completed the various study courses offered under the joint sponsorship of the King County Insurance Assn. and the adult education division of the Seattle public schools will receive completion certificates at the June 21 luncheon meeting in Seattle of King County association. William J. Parker, who is completing his junior year in the college of business administration at the University of Washington,

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A progressive multiple line group requires the addition of a fieldman in Northern and Central Ohio traveling out of Columbus. Age 28 to 38. Prefer predominantly fire background. Experience in Ohio field would be helpful but is not essential. Splendid opportunity for advancement in growing field office. Please give full details as to age, experience, family and military status. Reply Box M-92, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### CLAIM ADJUSTER

We have a fine opportunity in Northwestern Minnesota for a man trained in adjusting claims for a multiple line company.

Excellent retirement program, company paid life, hospitalization, and sick and accident insurance as well as other fine personnel benefits.

Write to B. V. Hanthorne, Auto-Owners Insurance Company, Box 660, Lansing, Michigan.

### UNDERWRITERS

Excellent opportunity for young underwriters with experience as marine, fire or casualty underwriters. Unlimited opportunity. Specify age, education, experience and present salary. All replies treated confidentially.

### CHUBB & SON

175 W. Jackson Blvd. Chicago 4, Ill.

### WANTED CASUALTY UNDERWRITER

Excellent opportunity for a young experienced man to affiliate himself with an established Chicago agency. In reply state age, education, experience, marital status and salary required. Write in confidence. Address Box M-87 c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

### WANT TO BUY OHIO AGENCY

Outright or will affiliate with Agent with view to future ownership. Exceptional and successful background of management and production with leading stock companies. Heavy casualty. Some fire. Address Box M-96, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

### PAYROLL AUDITOR

Nationally known Casualty Company has opening in Illinois for Experienced Payroll Auditor. Write experience and salary required to Box No. M-98, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

## A & S

(CONTINUED FROM PAGE 25)

acquired enough knowledge through working with commercial A&S to write non-can. Safeguards in the benefit structure could be adopted, including the use of a recurrent disability or hospital confinement provision, the average earnings clause where long term sickness benefits are involved, and a specific cutting off point on the duration of sickness income benefits.

Loss of time policies on a non-cancelable basis with premium rates guaranteed could be offered because there was sufficient morbidity data on which results could be reasonably predicted. But hospital and major medical could not be offered on a guaranteed premium basis because of the spiraling cost of medical service. Renewal is guaranteed, however.

Offering a dual line of policies was disadvantageous because agents would have difficulty in explaining the difference between commercial and non-can policies. There might be public relations problems with persons who bought the commercial policy and later contended that they believed they bought non-can. The expense of administering and servicing a dual line would be higher than under a single line. It would be impossible to have a simple program with a dual line, which might discourage some agents from selling A&S. And, from an advertising standpoint, stressing the advantages of non-can would tend to condemn, by implication, the commercial line. There also might be a tendency by agents and home office underwriters to offer the commercial policies to prospects who did not meet the non-can underwriting standards.

The company deemphasized first dollar coverage by discontinuing blanket accident medical expense benefit policies, and introducing the \$25 deductible provision in the hospital expense policy. The \$300 deductible major medical policy was withdrawn and only a \$500 deductible plan was offered. On loss of time policies, many of the frill benefits were eliminated. In addition to one and two year sickness policies, the company included two long term sickness policies in the portfolio.

Policies were improved in style and format. Special loss-of-time policies were made available for blue collar workers and several policies were developed for employed women. Variations in the income rule were eliminated and the number of occupational classifications was dropped from nine to four. An improved rate book was introduced, premiums for all plans were made level by age of issue and application forms were streamlined.

### Allen Elected at Des Moines

DES MOINES—Robert K. Allen, assistant manager of Connecticut General Life, has been elected president of Des Moines A&H Underwriters Assn., succeeding Byron Hart, Pacific Mutual Life. Other new officers are Paul O. Grodt, Travelers, vice-president, and Mrs. Maye C. Bradley, Pacific Mutual Life, secretary-treasurer.

### Lanaghan Named at N.Y.

James E. Lanaghan has been appointed group representative at New York for Mutual Benefit H&A. He has been associated with the group training program at the home office since 1955. In his new post he will be in the district office at New York under the direction of William Adams, district group manager.

## Revised FTC Rules Are Due; Mutual, N. Y. Denies A&S Charges

Mutual of New York denied Federal Trade Commission charges of false advertising of A&S policies this week as FTC was preparing to release revised trade practice rules in the June 15 Federal Register.

The company, filing an answer to an FTC complaint last November, declared that the commission does not have jurisdiction over its advertising and that its business is a non-profit, wholly mutual enterprise. The answer also pointed out that the complaint is based on obsolete advertising that has since been discontinued. Statements cited in the complaint were taken out of context and the company has not used any of the language quoted in the complaint since FTC came out with its A&S advertising rulings.

The company said that since it has discontinued the advertising cited in the complaint and since it will not use such advertising in the future, all possible basis for the FTC proceeding is removed.

## MacArthur Sues Fla. Contractor for Libel

President John MacArthur of Bankers Life & Casualty has filed a \$5 million libel suit in federal court at Miami against Julius Gaines, Florida contractor, and Carl Byoir, New York City publicity man, who were associated with Mr. MacArthur in developing Carol City, a real estate project northwest of Miami.

Mr. MacArthur claims Mr. Gaines injured him and his company with false contentions in a law suit. Mr. Gaines had sued Bankers L.&C. in federal court for \$889,657 April 19, alleging withdrawal of promised financial support to develop Carol City, and on May 11 amended his suit to include an affidavit quoting an alleged telephone conversation in which Mr. MacArthur is said to have made a number of statements about his and his company's attitude towards law suits and claim payments.

Mr. Byoir was included in the libel suit as allegedly drafting some of the statements at issue.

Messrs. Gaines, Byoir and MacArthur were associated more than a year ago in the Carol City project. Mr. Gaines contends Mr. MacArthur agreed to furnish a revolving fund of \$4½ million, and seeks to recover nearly \$640,000 of debts he incurred in construction and an additional \$250,000 damages.

## Central Mich. Agents Elect

Fred Coldwell, New York Life, has been elected president of Central Michigan A&H Underwriters Assn., succeeding Francis Barnhart of the same company. John Doherty, Retail Credit, is vice-president, and Mrs. June Thomas, Inter-Ocean, is secretary-treasurer.

## Indianapolis A&S Agents Elect

New officers of Indianapolis A&S Assn. are James Barbour, Continental Assurance, president; Howard Bull, Aetna Life, vice-president; Harry Guion, Business Men's Assurance, treasurer, and Robert Osler, Rough Notes Co., secretary.

Insurance Women of New York have re-elected Florence K. Atwood of U.S. Aviation Underwriters president and elected Marie T. Driscoll of Northern of New York corresponding secretary and Maude E. Hoff of London Assurance and Lucyle D. McDermott of Herbert L. Jamison & Co. directors.



## Asks New Terminology to Get More Public Appreciation of Insurance Price Problems

Actuaries have not been as effective in furthering public understanding of insurance prices and costs as have most commercial and industrial organizations, Norton E. Masterson, vice-president and actuary of Hardware Mutual Casualty, said in his presidential address at the spring meeting in Lenox, Mass., of Casualty Actuarial Society. He believes the society's members can do much to explain insurance rate making so that the public understands and appreciates more the price problems of the business.

There are two obstacles, Mr. Masterson said, the actuarial peculiarities of insurance as a business, and the meanings of words the business uses to explain its prices and way of doing business. Because it is different from commercial and manufacturing enterprises, it requires different methods of determining costs and establishing prices, or premiums.

This business deals in future contracts of performance. It determines its price prior to performance, whereas in most other businesses the product is delivered before payment. Fire and casualty insurance premiums must provide for cost of future events which, unlike insurance on lives, may or may not occur.

Also, he said, the cost of the insurance service promised is greatly disproportionate to the price paid. For eight cents insured gets \$100 of fire insurance; or for only \$30, \$300,000 of automobile bodily injury coverage.

Future financial solvency is more important than current net price because the contract is not complete at time of sale. These companies are regulated by calendar year accounting periods but run a future performance business with ultimate settlement of obligation stretching far beyond each accounting year.

Thus there is a natural difficulty in explaining the actuarial bases of premiums to the public, but the difficulty in justifying reasonable margins for profit and contingencies is surprising. Profit or cost accounting margins as low as 2½ to 6% and contingent upon uncertain future events often meet with more resistance than much higher margins on luxuries, installment interest, automobiles, homes, etc.

He cited startling examples of comparative attitudes toward insurance and other prices.

Recently two price changes involved home owners in a midwest state. The first was a revision of dwelling fire and extended coverage rates. The rates provided for a decrease in fire and an increase in EC. The insurance department counter-proposed a greater decrease in fire and a lesser increase in EC. The news and editorial presentation or interpretation of the rate change was that a combined premium for \$10,000 on a frame house for three years in a city will "go up \$7.50." For several months this matter has been a controversial subject.

The other price change affecting many of these home owners was an increase of five cents in the Sunday edition of a large metropolitan newspaper in the same midwest state. The price increase will amount to \$7.80 for three years and was made with a simple announcement that the change was necessary because of price increases in newsprint plus rising pro-

duction costs. But why did the public immediately approve the increase in newspaper expense while the equivalent combined price decrease in fire and increase in EC became a controversial issue? Undoubtedly, he said, because there was an understanding of newsprint and newspaper production costs while fire and EC rates are a mystery.

The fire rate proposed by the bureau was eight cents and the counter proposal was six cents. Both are almost beyond the reaches of chance and probability. Assuming a permissible loss ratio of 50, an eight-cent rate provides for a total loss once in 2,500 years. Only 2,000 years ago Nero fiddled while Rome burned. It is significant that this business is expected to produce rates with tolerances lower than five cents a week for combined hazards of fire and wind, Mr. Masterson declared.

Executive secretaries of certain trade or manufacturers' associations try to make regular studies of insurance costs for members based not upon actuarial methods but upon business cost accounting methods. On many public and economic issues these associations and the insurance business have common problems and similar policies and beliefs as to the economic system.

However, there is at times an adverse attitude toward workmen's compensation rate making methods. Mr. Masterson recalled two instances in which trade associations officially protested rates for members. Even though these members operated businesses with typically high profit margins before taxes, the groups protested the margins for profit and contingencies in WC rates. The total WC cost was not a significant item in their total cost of production, and was negligible compared with labor, material, and tax costs. In addition, WC rates for most association members were subject to a number of rating plans and dividend bases which recognize favorable individual risk costs.

In explaining the elements of a rate, he said, the rough division of loss cost and expense loading can be very misleading. Some press reports have created the impression that the difference between premium received and loss paid is "profit" to the insurer. In language for the public the business should classify disbursements not simply as losses and expenses but as (a) direct benefits to insured, and (b) expenses and taxes. Direct benefits to insured should include loss payments, loss adjustment expenses, loss prevention costs, other direct services to insured, and rate credits and dividends to policyholders. In the second category would be company expenses and federal and state taxes. State rate filings of National Council on Compensation Insurance now emphasizes this concept by designating one portion of premium "for the direct benefit of the employer and his employees."

The business might try to explain its costs in more common economic terms, Mr. Masterson recommended. To supplement insurance and actuarial terminology of losses and loss adjustment expenses, the business could exhibit fire and casualty insurance companies as huge purchasers of automobiles, including tires, repair parts and body rebuilding; roofs, lumber and other building materials; doctors fees

(CONTINUED ON PAGE 40)



### IT WOULD BE A SHAME . . .

. . . if your competitors were to see and sell many of your insureds and prospects—

It could happen, you know, now that there is so much aggressive and imaginative selling going on . . . and especially, if you or someone from your office has been unable to visit or call your customers within the last month or so! There still is a good deal of truth in the old adage: "Out of Sight, Out of Mind." In order to come out on top you must find a way to:

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Regular use of this little paper—which carries your good wishes, sound advice and an interesting array of news, pictures and feature items right into the homes and offices of old friends and new—is like adding new people to your selling staff. But at less than the commission even a middling good solicitor would draw in a single day. Even if you had the time and people to do it, phone calls to each of your insureds and prospects could not be made at comparable cost!

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West Virginia, Maryland, and District of Columbia

## Asks Changes in Experience Rating, Composite Schedule

(CONTINUED FROM PAGE 2)

is liable. This unsatisfied judgment coverage endorsement has produced a division of opinion among companies. For the time being, the committees of the mutual bureau have tabled consideration of this topic.

In response to the recommendations of the report, the mutual bureau comments as follows:

1 & 4. As to 1, while all suggestions may not be practicable, the bureau believes that improvements along the lines suggested will be attained. As to schedule rating, the examiner recognized that there is a difference in regulatory theory and practice in several states. In some states, flexibility in rate determination is considered a more desirable means of fostering competition than in others. The bureau must adapt itself to regulatory requirements and the outlook of each jurisdiction in which it is licensed—and make available to members rating methods and procedures legally available to insurers generally. The bureau believes that in so acting it should not be singled out for implied criticism.

2. The bureau has arranged meetings in a number of cities with those responsible for and engaged in statistical processing in companies. By this means and by a continuing audit of material submitted, the bureau is supporting the efforts of insurers to reduce statistical errors to a minimum.

3. Complete administration of experience rating plans by a rating organization is extremely difficult unless such rating can be applied uniformly to all insurers under conditions of substantial uniformity of classifications, rules, rates and rating plans, with established procedures for complete interchange of experience among all insurers, whether members of the rating organization or not. In most states, including New York, regulatory theory and practice give considerable weight to the importance of non-uniformity in price determination as a factor fostering competition, in addition to other factors such as quality of service and protection. Facilities for exchanging risk experience among all insurers do not exist in most jurisdictions, nor do means of reducing heterogeneous rating systems to some common base for experience rating purposes. The bureau checks accuracy of the rating plan application by its members to a greater degree than with respect to insurers not members of rating organizations, except where such insurers file records on each experience rated risk with state authorities. More accurate administration of experience rating may be desirable, but the bureau is moving as rapidly as possible in this direction.

5. Rates were revised for major burglary lines in 1955 and for residence and outside theft in 1956.

6. To the extent that projection and trend factors were used in rate revisions in New York the past several years, they were supported by statistical data. Subsequent policy year experience demonstrated that the use of such factors did not produce excessive rate levels. This subject is receiving continuing study.

7. The bureau continues its analysis of this subject.

8. The bureau has noted the recommendation.

## Minor Using Auto Titled In Another Held to Have Right to Permit Its Use

Another aspect of the currently important insurance problem of an automobile titled in the name of an adult member of the family, but actually paid for and used by a minor, was considered recently in *Indiana Lumbermen's Mutual vs Janes, 5 CCH (Auto 2nd) 1536*. The question involved here was application of the additional interest clause, and U. S. court of appeals, 5th circuit, held the person who actually used the automobile had the right to permit others to use it, although he was not the named insured.

George Forbes, while a minor, acquired a car, but, to satisfy finance requirements, it was titled in the name of his brother, J. L. Forbes, George making the payments and his brother advancing the insurance premium, with the understanding that George would repay him when he could. On renewal of the policy, George had become of age and had entered the service. The title was not transferred and insurance was renewed in his brother's name, but the brother had notified the agent that George would continue to use the automobile at a marine base near Memphis. J. L. Forbes filed specific written permission for his brother to use the automobile with the base officers in accordance with rules there. George let Cavanaugh, another marine, use the automobile and he was involved in an accident with Janes, who obtained a judgment against Cavanaugh.

Indiana Lumbermen's denied coverage on two grounds, fraud and misrepresentation of ownership, and contended Cavanaugh was not covered, since he did not have specific permission from J. L. Forbes to use the automobile and George Forbes, not being the named insured, had no authority to give him permission. The lower court, upheld on appeal, went against the insurer on both counts. It maintained that the purchase of the automobile under the circumstances was a legitimate, good faith transaction, that J. L. Forbes was liable on the conditional sale contract, was justified in retaining title himself and had an insurable interest, with no fraud or deceit. On the question of the omnibus clause, the court held that J. L. Forbes intended that his brother should use the automobile as his own, that it is common practice today for people to lend automobiles to others and that it was an obvious conclusion that permission for him to let anyone else he chose drive it that driver being covered.

## Texas Insurance Women Elect

Eight local insurance women's associations of Texas recently elected officers. They are:

**Corpus Christi**—Mrs. Jewell Tindall, president; Mrs. Ava Nell Wade, 1st vice-president; Mrs. Elizabeth Clemons, 2nd vice-president; Miss Gladys Evans and Mrs. Margaret Mackie, secretaries, and Mrs. Anna Cunningham, treasurer.

**Lubbock**—Mrs. Mary Joe McClendon, president; Mrs. Queenelle Warner, 1st vice-president; Miss Lillian Cochran, 2nd vice-president; Mrs. Janie Maecker, secretary, and Mrs. Mary Ann Bennett, treasurer.

**Galveston**—Mrs. Sally Geelan, president; Miss Hazel Walton, 1st vice-president; Mrs. Rose Junemann, 2nd vice-president; Mrs. Helen Hoffman and Mrs. Rita Strickland, secretaries, and Mrs. Mary Louise McDaniel, treasurer.

**Amarillo**—Anne Sinclair, president; Larue Pittman, 1st vice-president; Joanne Cobb, 2nd vice-president; Johnette Davis, and Lola Conley, secretaries, and Delynn Harrison, treasurer.

**San Antonio**—Miss Lonie Wosnig, president; Mrs. Jewelle Conner, Miss Billie Jean Cross and Mrs. Blanche Davis, vice-presidents; Mrs. Helen Harlos and Mrs. Minnie Brown, secretaries, and Miss Hazel Johnson, treasurer.

**Waco**—Mrs. Ardis F. Glover, president; Mrs. Jane Ellison, vice-president; Miss Ethel Threadgill, secretary, and Mrs. Ela Flanery, treasurer.

**Houston**—Marie Coldiron, president, Nan Carothers and Clarice Varnado, vice-presidents; Doris Moore and Pauline Midgley, secretaries, and Pearl Stalnaker, treasurer.

**Lower Rio Grande Valley**—Barbara McCormick, president; Mrs. Alice Smith, vice-president, and Ava Farroba, secretary-treasurer.

## Asks New Insurance Terminology

(CONTINUED FROM PAGE 39)

and other medical expense, hospital care and rehabilitation; loss of time wages; high court verdicts and damages; plate and safety glass; personal effects; loss prevention; lawyers fees, and legal and court costs.

Expenses would be shown not only as loadings by functional groups in insurance terminology but in terms of salaries and wages, commissions, welfare and pensions, travel, rent, office equipment and supplies, paper and printing, postage, telephone and telegraph, and, with special emphasis, taxes.

In this light, he said, premium taxes on WC and group, where the premium is predominantly for wage loss, medical and hospital care and rehabilitation, now appear as sales taxes on wage indemnity and medical care for injured workmen, widows' annuities, doctors fees, family medical and hospital care, none of which is a proper base for general revenue taxation.

Within companies, bureaus and state insurance departments, programming for electronic data processing requires elimination of barriers to a common language. He emphasized particularly minor or nuisance variations and exceptions of no significance in the effective regulation of insurers or policyholder protection, rate, coverage and contract provisions.

Large-scale use of electronic de-

vices and auxiliary equipment requires simplification of the insurance product. For example, he pointed out, the standard automobile form has too many optional coverages and rating bases. The conversion of traditional manual procedures to mechanical standardization requires the elimination of exceptions to assembly-line procedures.

Two procedural exceptions hinder the effective utilization of electronic data processing, he said—the non-standard nature of insurance transactions, and variation caused by state, bureau, and other regulatory exceptions. He suggested that the diversified membership of the society could tackle in round-table discussions the vexing problems of insurance transaction and state exceptions. They represent companies, bureaus, and departments, and are in a position because of knowledge and authority to revise traditional methods and procedures to make them adaptable to electronic data processing. This could be done at zone level and taken to National Assn. of Insurance Commissioners.

If the fire and casualty business is to keep pace with other major businesses in reducing paper-work costs, it is imperative to work toward a common language of data recording, he said.

## Ohio Farmers' Dedication Program Wins Top Award

The souvenir dedication program, showing exterior and interior illustrations of the new Ohio Farmers home office building at LeRoy, won a Mead award for Robert Herthneck of Cleveland Paper Co.

Mead Papers Inc., sponsors the nationwide contest each year for paper salesmen who enter examples of offset and letterpress printing using Mead papers.

In a letter to Ohio Farmers, Frank J. Clifford of Mead Papers said, "This presentation of your building and equipment is an extremely effective method of conveying in print the character and stability of your company. The design and decorations are in exquisite taste and make a profoundly favorable impression. From the graphic arts standpoint, the planning and production of your booklet earned the admiration of our judges. They were impressed with the dignity of the format, the excellent photography the skillful plate-making and particularly the beautiful offset presswork. Everyone who had a part in the planning and execution deserves congratulations."

**Officers of Conference of Mutual Casualty Companies at the management committee meeting last week at Lake Delton, Wis.: Paul Buchler, Beacon Mutual Indemnity, secretary; Irving J. Maurer, Farmers Mutual of Madison, president, and Oliver Griffith, Shelby Mutual, vice-president. Photograph by Guy Ferguson of Ferguson Personnel.**



## Mo. WC Hearing June 21

A public hearing has been scheduled by Superintendent Leggett of Missouri for June 21 to take up a proposed general revision in workmen's compensation rates, revisions in retrospective rating plans, and any other WC topics which may be brought up. The hearing will be in the state office building, Jefferson City.

## Wis. Local Boards Meet Jointly

The local boards of Jefferson county and Dodge county met in a joint meeting at Watertown, Wis.

Guest speakers included Paul Mast, executive secretary of Wisconsin Assn. of Insurance Agents; Thomas Irvine, National of Hartford, and Robert Mielke, Phoenix of London. The two field men presented an educational skit on comprehensive and homeowners policies.

## Auto Dealers Offer \$300 Reward

North Carolina Automobile Dealers Assn., in cooperation with the insurance department, is offering a \$300 reward for information leading to the arrest and conviction of any person willfully burning an auto or truck to collect insurance, in an effort to lower auto arson and effect a long term reduction in auto cover rates.





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Where Pydraul fills hydraulic lines, the risk of hydraulic fire loss is practically none. In dozens of documented cases, line leaks have sprayed Pydraul directly into a source of ignition—and not one fire started.

In your business, you value information about such safeguards to human life, equipment and property. Putting facts before a client or prospect is your one best way of converting him to safer practices—lowering *his* risk and *yours*, too.

We will be happy to send you our free booklet, "Pydraul F-9." And to help you further, we will give money-saving facts about Pydraul to any of your clients you think would be interested. Just send us their names and addresses.



Write for this booklet. It tells you why, and how Pydraul is used to lower fire risk. Explains why Pydraul is a better lubricant than petroleum fluids, is non-corrosive, chemically stable, safe to handle and may be re-used, over and over again. Ask for "Pydraul F-9" booklet. Address Organic Chemicals Division, MONSANTO CHEMICAL COMPANY, Dept. I-2, St. Louis 1, Mo.



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